Annual Report **2020**

gategroup

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RICHARD ONG

Chairman of the Board

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WE LOOK FORWARD TO GATEGROUP CAPITALIZING ON THIS VOTE OF CONFIDENCE FROM ITS VARIOUS STAKEHOLDERS, AND MOVING FORWARD BOLDLY INTO THE NEW, POST-COVID WORLD.

Dear stakeholders of gategroup,

Without a doubt, 2020 was a challenging year for the aviation industry and for gategroup. However, as Chairman of the Board, I am pleased to have witnessed the strength of gategroup's strategy and business model, and the exemplary resilience that its management and people have demonstrated.

Despite the challenges posed during the previous year, gategroup has achieved remarkable successes: The acquisition and integration of LSG Europe was completed. The transition to the new organization and the expansion into new adjacent market spaces is already on its way and delivering promising initial results. The refinancing was successfully concluded and gategroup's strategic direction reaffirmed by an overwhelming majority of the Bondholders and Senior Lenders. These achievements offer a firm foundation for the future years.

We look forward to gategroup capitalizing on this vote of confidence from its various stakeholders, and moving forward boldly into the new, post-COVID world. As shareholders we remain optimistic about the long-term success airline industry, and we will continue to offer our full support to gategroup management as they pursue their ongoing prospects for innovation and value creation.

On behalf of Board of Directors, Temasek and RRJ Capital, I would like to thank all stakeholders for their ongoing commitment.

We look forward to continuing the journey together on our chosen path.

Sincerely,

Richard Ong
Chairman of the Board

XAVIER ROSSINYOL

Chief Executive Officer

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WE ARE ON TRACK TO A SUCCESSFUL FUTURE AND POSITIONED TO EMERGE EVEN STRONGER.

Dear customers, partners, shareholders, lenders, suppliers and employees,

The COVID-19 global pandemic has undoubtedly impacted gategroup's 2020 business performance. From a near-global air travel shutdown, gategroup revenues were reduced to CHF 1.5 billion vs. 5 billion in 2019. Our EBITDA and cash flow were equally as severely impacted, with EBITDA standing at -257 million and cash generation from operations at -308 million.

In response to the outbreak, we took decisive action to protect our employees, customers, and stakeholders – and also to secure the financial position of the group for the future. I remain impressed by and extremely grateful to our employees across the globe, and our customers, suppliers, shareholders, senior lenders and bondholders for their continued support and commitment throughout the crisis.

The COVID-19 crisis is a catalyst for change in our industry. In addition to the increased operational flexibility and efficiency requirements, it has further accelerated the demand for a technology-enabled, distinctive culinary and sustainable offering – and this is what gategroup is recognized for. This crisis has confirmed the resilience of our business model and allowed us to prepare to better serve our aviation customers – and beyond.

A DARK YEAR FOR THE INDUSTRY

2020 will undoubtedly be remembered as one of the worst years ever for the aviation, travel, and hospitality industries – and we at gategroup haven't been immune. IATA statistics report that industry-wide revenue passenger kilometers (RPKs) fell by 69.7% year-on-year, the sharpest decline in aviation history. This decline is even more apparent in the long-haul segment, which has dropped 85.3% year-on-year.

The impact of the COVID-19 pandemic has been deep and wide-reaching. The unprecedented scale of the travel restrictions has put enormous pressure on almost all related industries around the world. Dozens of airlines have failed, and many more have required reductions, divestments, or bailouts. In the face of such widespread disruption, we were also forced to take some hard choices.

To overcome the challenges of 2020, we embarked on a cost reduction and cash preservation program, bringing our organization into alignment with the new market reality and streamlining the businesses, operations, and competencies within our portfolio. Unfortunately, due to the pressures of the depressed market, these activities were also accompanied by significant reductions in our global workforce.

However, we believe that through this decisive action we have prepared gategroup for success in the post-COVID world and the recovery in the market which will accompany it. We led the industry in our response to the pandemic throughout the year. Despite every one of our operational facilities being impacted in some way by the pandemic, the rapid deployment of our Pandemic Risk Management tool allowed us to effectively assess the risks and continue to operate and serve our customers in the safest way possible. Despite the reduction in overall company activity in 2020, our Operations Excellence teams were able to sustain the program because its core elements were essential in creating a lean and agile environment, which allowed us to accommodate the pandemic situation in the best way possible. When COVID-19 struck, we were able to execute our pandemic plan and use the year wisely and effectively.

We took the opportunity to strengthen our core processes, which have been designed to follow lean manufacturing and 6-sigma methods to ensure a seamless flow, reduced footprint and full control of the product by contributing additional processes and IT systems.

FULLY REFINANCED FOR A SOLID FUTURE

In April 2021, we successfully completed the financial restructuring process which we commenced in October 2020. I am very grateful for the overwhelming support received from our shareholders, senior lenders and bondholders, and the trust they have placed in gategroup and our business strategy. The completion of the restructuring provides a firm foundation for the Group's immediate and long-term future. The new financial structure will allow us to deliver on our business plan over the next five years, benefiting all our stakeholders including our bondholders, senior lenders, shareholders, customers, suppliers and of course our employees and their families.

TOGETHER WITH OUR CUSTOMERS

The travel disruption caused by COVID-19 did not stop our development of industry-leading culinary and retail innovation. In fact, it was the opposite. Together with the Airline Catering Association (ACA) we introduced new safety guidelines for the industry to help its members navigate the COVID-19 pandemic and implemented stringent safety precautions at all levels of the inflight catering supply chain to protect our customers, passengers and employees.

Furthermore, we spurred our colleagues around the world to anticipate future customer demands, further developing our pre-order and retail technology platforms - introducing data-driven business models and leveraging the business intelligence they provide to accurately predict consumer behavior and deliver the superior service our partners expect.

The potential of this new, data-driven business model can be seen in our ongoing Epax collaboration with EasyJet. Through this industry-first inflight digital retail platform, passengers can browse, order and buy from inflight retail ranges using their own mobile devices. This removes physical menus and brochures from the cabin, reducing weight and saving hundreds of tons of paper.

To prepare for the return to normal we also expanded our partnership with leading chefs worldwide – to develop the most innovative, healthy and sustainable culinary creations for our customers. To that end, we also accelerated the introduction of new Advanced Production Techniques in our units to allow our chefs to produce better, fresher products in shorter times.


gategroup

LSG EUROPE: WELCOME TO THE GATEGROUP FAMILY

On December 2, 2020 we completed the acquisition of the European operations of LSG Group from Deutsche Lufthansa AG ("Lufthansa"). This landmark transaction confirmed gategroup as the preferred strategic and operating partner to further advance Lufthansa and LSG's catering operation transformation, inflight concepts, and lounge services. Having delivered top quality for SWISS at its Zurich hub for 18 years, we are delighted to have entered into long-term catering agreements for the Frankfurt, Munich, and Zurich hubs. In 2020 we worked closely with LSG's customers, management, employees, and their representatives to deliver a swift and successful integration – and welcomed our LSG colleagues to the gategroup family.

BEYOND AVIATION

The impact of the COVID crisis accelerated our expansion into adjacent, non-aviation markets, drawing on our core competencies to grow and diversify our activities portfolio with considerable success.

As an example, our award-winning equipment division deSter has made strong inroads into the fields of sustainable and biodegradable packaging, winning several industry awards and setting new standards. These successes are not confined to the aviation sector – in fact, some of the most noteworthy accomplishments have seen aviation merely as a jumping off point into the larger market for packaging and equipment.

This can be seen in deSter's ongoing leadership in the fields of biodegradable molded fiber, paper, and wood cutlery, and through that its commitment to the circular economy and a truly sustainable packaging and equipment ecosystem. As part of our commitment to a sustainable future, deSter has partnered with global foodservice players McDonald's and Starbucks to roll out eco-friendly wooden cutlery across Europe as a bridging solution towards paper cutlery.

THANK YOU

The crisis has impacted us all, personally and professionally. Each of us has had to find the strength and resilience to keep moving forward, to strive for a better future that sometimes seemed very far away. For many people, for many organizations, this would have presented a fight for survival – and indeed, many businesses did not make it.

At gategroup, we were challenged and tested by the crisis – but it was also an opportunity to evolve as well, to learn, to anticipate and to grow stronger. And, with the dedication and contributions of our stakeholders, we are making gategroup better, ready for a bright future.

My final words must be "thank you". I am honored by the commitment we have received from our Board of Directors, shareholders, lenders and bondholders to support and finance us; our customers, suppliers and partners for our day-to-day work to survive and thrive - and especially by the loyalty, hard work and commitment of my colleagues around the world.

We are on track to a successful future and positioned to emerge even stronger.

Sincerely,

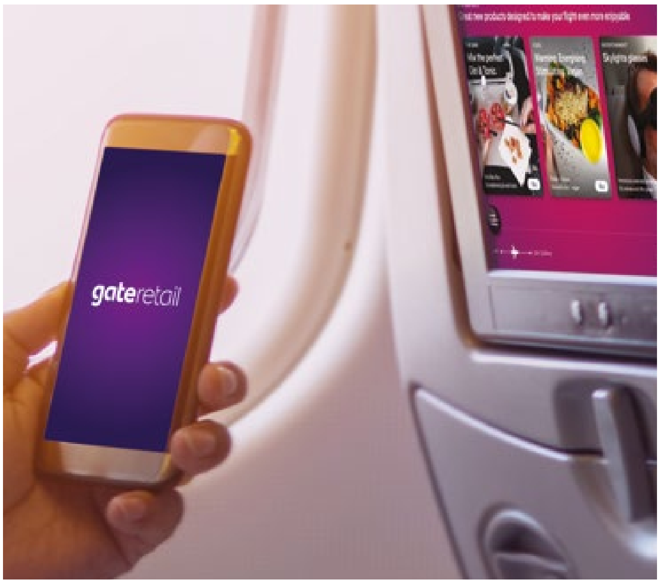
Xavier Rossinyol
Chief Executive Officer

CORE BRANDS

gategroup

Gate Gourmet is the world's leading provider of airline catering solutions and provisioning service. Our talented chefs work in close partnership with our customers to create menus designed to exceed passenger expectations across all cabins, and we have dedicated operational excellence teams who work to ensure we deliver standardized, consistent catering services wherever we operate. The complex logistics behind these operations are managed by a specialist team who ensure that the Gate Gourmet supply chain delivers sustainably and on-time.

Servair provides a range of inflight services, airport services and commercial catering and hospitality. It is also the home of our unique, acclaimed Studio Culinaire Servair and its team of Michelin-starred culinary ambassadors. Under the leadership of Guy Martin, Studio Culinaire has one simple and bold objective: to drive on-board catering to new levels of excellence. Inspired by the world's gastronomic heritage, we embrace creativity and innovation as the cornerstones of our cutting-edge concepts. The Studio's ideas and quest for new standards in the sky has made it the pre-eminent think tank and a major disruptor in airline catering.



gateretail

As the world's leading inflight retailer, gateretail enhances the passenger experience through our omni-channel, award-winning retail programs for our airline partners. We deliver new revenue streams through interactive, digital, point-of-sale systems which can include pre-selection, pre-order execution and advertising campaigns. All are designed to be environmentally friendly, cost-effective, self-service options which pave the way for airlines to move away from printed materials and enable gateretail to provide the next generation of onboard retail solutions. This enables airline crews to offer customers a compelling, personalized experience while simultaneously providing the carrier with instant, transparent EPOS backend data.

deSter

At deSter, we create, design, produce and provide market-leading food packaging and serviceware concepts for the aviation, hospitality and food service industries. Every deSter solution is unique and its holistic approach to product development aims to contribute towards achieving a circular economy. By creating products from the bottom up, our team is able to place an intensive focus on recycling and the use of recycled resources alongside the development of products made from renewable and compostable resources.

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OUR TALENTED CHEFS WORK IN CLOSE PARTNERSHIP WITH OUR CUSTOMERS TO CREATE MENUS DESIGNED TO EXCEED PASSENGER EXPECTATIONS ACROSS ALL CABINS.

GATEGROUP & LSG EUROPE

grow.together

"

A TRULY EXCITING MILESTONE FOR GATEGROUP, LSG AND OUR INDUSTRY.

Twelve months on from signing an agreement to acquire LSG Group's European operations from Lufthansa on December 9th, 2019, we closed the transaction on December 2nd, 2020. It was the culmination of a two-and-a-half-year journey to create a new force in international airline catering and retail. Acquiring the LSG Europe business enables us to reinforce the core of our business, benefitting employees, customers and shareholders alike. The foundation of the deal is composed of LSG's inflight catering operations in Germany, Switzerland, France, Belgium, Italy, Portugal and Spain as well as the global equipment business trading under the SPIRIANT brand .

It also includes the European convenience food operations trading under the Evertaste brand, the Ringeltaube retail outlets as well as its European train catering and lounge operations. We will introduce a new Lufthansa-dedicated Studio 50/8TM*, a culinary think tank and exclusive house of inspiration. Our aim is for this to show the joint passion and commitment of Lufthansa and gategroup to enhancing the customer experience from end-to-end and defining a new airline catering industry standard. In compliance with its commitments to the EU regulators, we signed binding agreements to divest parts of our own existing German inflight catering operations, a minority interest in an inflight catering kitchen at Brussels airport and some catering assets at Rome (FCO) and Paris (CDG) airports.

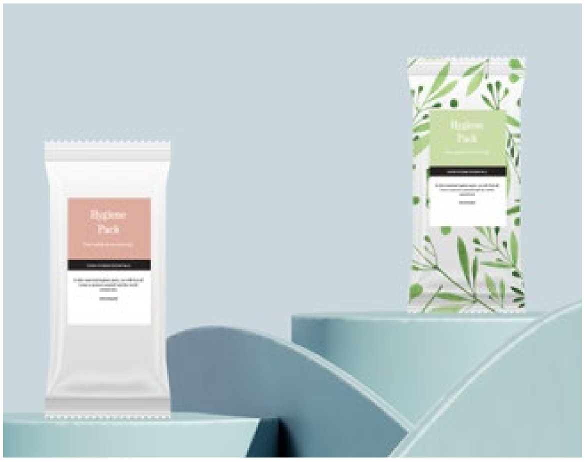
The joining of the two legacy companies brings together expertise and capabilities that perfectly complement each other, growing our combined innovative power, culinary and operational excellence. This new industry powerhouse will help us strengthen our market position in Germany where we have signed a long-term – 10 years+ – contract with Lufthansa providing us with solid new business in both Frankfurt and Munich.

Our business with Swiss at Zurich Airport has also been expanded through the combination of LSG Europe and gategroup's activities. Traditionally, the Swiss business was operated by gategroup whereas Edelweiss' resided with LSG Europe. Through this acquisition, we have strengthened our footprint in Zurich. Although the transaction process has been slowed by the global pandemic, we have used the slowdown in business to develop and partially execute an integration plan spanning all locations.

Workshops were held and a plan created that contained 100 separate integration milestones to be implemented by the end of March 2021. We expect the second half of 2021 to be completely different to the first, once the numbers of people who have received the vaccine start to make travel take off again. We are prepared and will be ready to cope with the volumes as soon as they come back. We have used every single day of the last year intelligently, to be fully ready when travel comes back.

YEAR IN REVIEW

2020



DESTER FURTHER EXPANDS ITS OFFERING OF HYGIENIC PRODUCTS

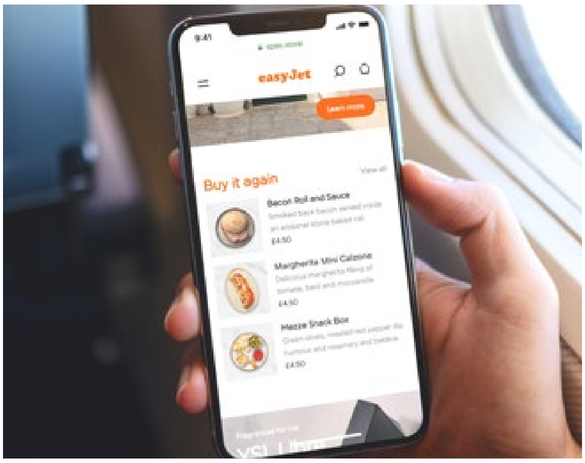
deSter further expanded its range of hygienic products produced in-house to meet new, additional passenger requirements. The items, designed by our specialist team, can be customized to meet different requirements across both the airline and food service industries. Designs were focused on delivering personal protective solutions for individuals, with items in the range including face masks, wipes, hand sanitizer and hygienic packs containing a number of items.

DESTER ENTERS STRATEGIC PARTNERSHIP WITH PULPAC

As part of its Environmentally Conscious Design (ECD) philosophy, deSter entered a strategic partnership with PulPac, a Swedish Research & Development and Intellectual Property company. Through this partnership, we are focusing on the development and manufacturing of fiber-based, single-use food packaging products for the airline and food service industries. This fiber-based alternative to single-use plastic is a renewable, cost-effective material and naturally compostable.

GATEGROUP'S DIGITAL RETAIL SOLUTION "BREAKS OPEN THE TROLLEY" AND BRINGS SHOPPING DIRECT INTO PASSENGERS' HANDS

gategroup saw increased demand for its passenger-facing digital retail solution – Epax – as airlines resumed flight operations around the world. Through this transformative application we allow passengers to directly interact with crew and navigate their own personal journey through their smart device. Epax removes the requirement for both a printed menu and a retail catalogue onboard and passengers can instead use their own devices to access both online and offline cabin environments.



GATEGROUP ANNOUNCES PLANS FOR WINTER TRIAL OF INDUSTRY-FIRST INFLIGHT DIGITAL RETAIL PLATFORM FOR AIR TRAVELERS

For the first time, passengers can browse, order and buy inflight retail services from their personal devices. Using gategroup's flagship digital retail platform, we commenced a trial with airline partner easyJet. Using machine learning and data-driven innovation, gategroup can deliver more relevant choices for passengers. Working with our long-term analytics partner, Black Swan Data, customers have access to an intuitive, convenient, and engaging way to access inflight retail services on their own mobile devices.

GATEGROUP ANNOUNCES SHOPAMORE – NEW PUBLIC, ONLINE STORE IN SWEDEN SELLING BEAUTY PRODUCTS AND ACCESSORIES

gategroup launched an innovative new online outlet store in Sweden, selling goods directly to the public through home delivery in order to use large quantities of stock held in a specialist warehouse. Through this outlet, we have made fragrances, accessories and beauty products normally found in the traveler's shop – Holiday Tax-free – available online. These goods would have previously been bought by charter flight passengers travelling to and from Scandinavia and are now available through "Shopamore".

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THIS FIBER-BASED ALTERNATIVE TO SINGLE-USE PLASTIC IS A RENEWABLE, COST-EFFECTIVE MATERIAL AND NATURALLY COMPOSTABLE.


WELCOME BACK
IN THE OFFICE!
A HYGIENE PACK
TO HELP YOU STAY SAFE
HAPPY TO SEE YOU
AGAIN ON BOARD!
A HYGIENE PACK
TO HELP YOU STAY SAFE

AWARDS OBTAINED

2020

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UNPRECEDENTED CHALLENGES FACED EVERYONE IN 2020 AND DESPITE THIS, OUR TALENTS AROUND THE WORLD CONTINUED TO BE RECOGNIZED FOR THEIR EXCEPTIONAL PERFORMANCE, INNOVATION AND CREATIVITY.
THE RECOGNITION CAME FROM CUSTOMERS, PARTNERS, SUPPLIERS AND THE MEDIA AND IS A TESTAMENT TO THE TRUE DEDICATION OF ALL OUR TEAM MEMBERS.

reddot winner 2020

DESTER WINS A RED DOT DESIGN AWARD

Designed and engineered by deSter, the new, sustainable Cube won a Red Dot in the Packaging Design category at the Red Dot Design Awards 2020. A contemporary, eco-friendly in-air dining experience that was created for SAS - Scandinavian Airlines, the Cube does not use any plastic and saves up to 51 tons of plastics per year. The Red Dot is the world's most respected design competition, with 6,992 creative projects and brands from 50 countries were nominated in the competition.

2020 Pentawards Gold

PENTAWARDS GOLD TROPHY TRIUMPH FOR DESTER

The Cube, deSter's unique onboard meal experience for SAS – Scandinavian Airlines, won a gold trophy at the 2020 PENTAWARDS ceremony in the Food Packaging category. These annual packaging awards celebrate and promote packaging design globally. The Cube's smart design delighted the judging panel with its elegant solution that works towards realizing SAS' ultimate goal of having 100 percent sustainable materials in its customer offering no later than 2030.

GATERETAIL SCOOPS TOP AWARD AND HIGHLY COMMENDED AT THE ONBOARD HOSPITALITY AWARDS

gateretail was named winner in the Best Use of Onboard Technology category at the annual Onboard Hospitality awards. The innovative, game-changing Crew Portal provides a unified crew training program, placing training information directly at crews' fingertips. The judges commented that it stood out because of the way crews were engaged online and the understanding that crew training time is always at a premium. And that's not all: The Electronic Point of Sale (EPOS) system supported by Black Swan Data, was also Highly Commended in the same category.

PAX INTERNATIONAL READERSHIP AWARDS WINNER 2020

PAX INTERNATIONAL AWARDS – ONCE AGAIN GATE GOURMET IS SOUTH AMERICA CATERER OF THE YEAR

For the second year in a row, Gate Gourmet has been named Airline Caterer of the Year, South America, at the PAX International Magazine Readership Awards. Once again, the team's excellence and innovation achievements were cited by the organizers.

CULINARY REVOLUTION

2020

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WE APPLY THE ART OF IMAGINATION TO CREATE FOOD THAT DELIGHTS AND SATISFIES PEOPLE'S DESIRES AND WE COMBINE IT WITH THE APPLICATION OF INNOVATION, TECHNOLOGY AND DATA.

Across the hospitality and culinary world, we create cutting-edge cuisine, and we use the power of data to deliver outstanding culinary inspiration to our customers and their discerning passengers.

We drive innovation through internationally acclaimed chefs in the culinary community. It's their vision as masters in their field which we embrace and live.

Through our takeover of the LSG kitchens in Europe and the introduction of Studio 50/8TM*, a culinary think tank and exclusive house of inspiration for Lufthansa during 2020, we will launch innovative experiences for the airline's Continental network in 2021. Germany's most acclaimed chef, Eckart Witzigmann, is named President of Studio 50/8TM* and he will be joined by the youngest female Michelin-starred chef in Germany – Julia Komp.

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WE CREATE
CUTTING-EDGE
CUISINE.

We further developed our Advanced Production Techniques (APT) during 2020, by investing in the latest convection ovens which can be connected to our chefs' phones so they can precisely monitor their cooking. This enhancement is designed to make the product better, while using APT means shorter production times and fresher food. In addition,, we continue our drive for greater sustainability in both the cuisine we create and the equipment it is served on.

Locally sourced produce is a key driver for our customers, as is the removal of plastic onboard. Safety issues were key for us and our customers during 2020 and we led the industry in addressing COVID-19 related safety with the introduction of safety videos designed to protect our staff and customers.

Our non-aviation related business expanded dramatically over the year and has become an important new market for us. Through opening dark kitchens, we have been able to cook for brands and internationally acclaimed chefs, as well as set up delivery services with specialist providers to create chilled home delivery services.

We continue to work with Black Swan to evaluate the success of our menus and keep ahead of new trends in food, ingredients and seasonal produce. We never stop investing in technology, it drives everything we do in our kitchens around the globe. We are a key part of the global culinary community which is constantly on the move.


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THE CULINARY
MOVEMENT
IS EVER EVOLVING,
NEVER STOPPING.
IT'S ONGOING.

DATA REVOLUTION

2020

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FOR THE FIRST TIME ANYWHERE IN THE WORLD, PASSENGERS CAN ACCESS A FULL ON-BOARD RETAIL OFFERING IN ONE LOCATION FROM THEIR OWN PERSONAL DEVICE, KEEPING PHYSICAL CONTACT WITH EQUIPMENT OR MATERIAL ONBOARD TO A MINIMUM.

The Data Revolution continues apace and together with our partners, we continually improve our digital toolbox to develop our capabilities. We must be able to anticipate the needs of each of the hundreds of millions of passengers who fly every year, understand and appreciate their lifestyle, and use predictive technology and data so that we can drive innovation in menu development, expand product ranges and reduce waste.

Data and technology are at the core of what we do, because consumer needs are ever-changing. We require Business Intelligence to feed us with new information in order that we can deliver the latest, superior travel experience which both our airline partners and their passengers expect. We leverage social media data and Artificial Intelligence (AI) to accurately predict consumer behavior.

Through our exclusive partnership with Black Swan Data, we have also worked to develop a ground-breaking travel retail digital platform. We have combined gateretail's industry-leading knowledge, capabilities and retail software with Black Swan's award-winning, data-driven, predictive analytics to improve airline crew sales capabilities alongside passenger interaction dynamics.

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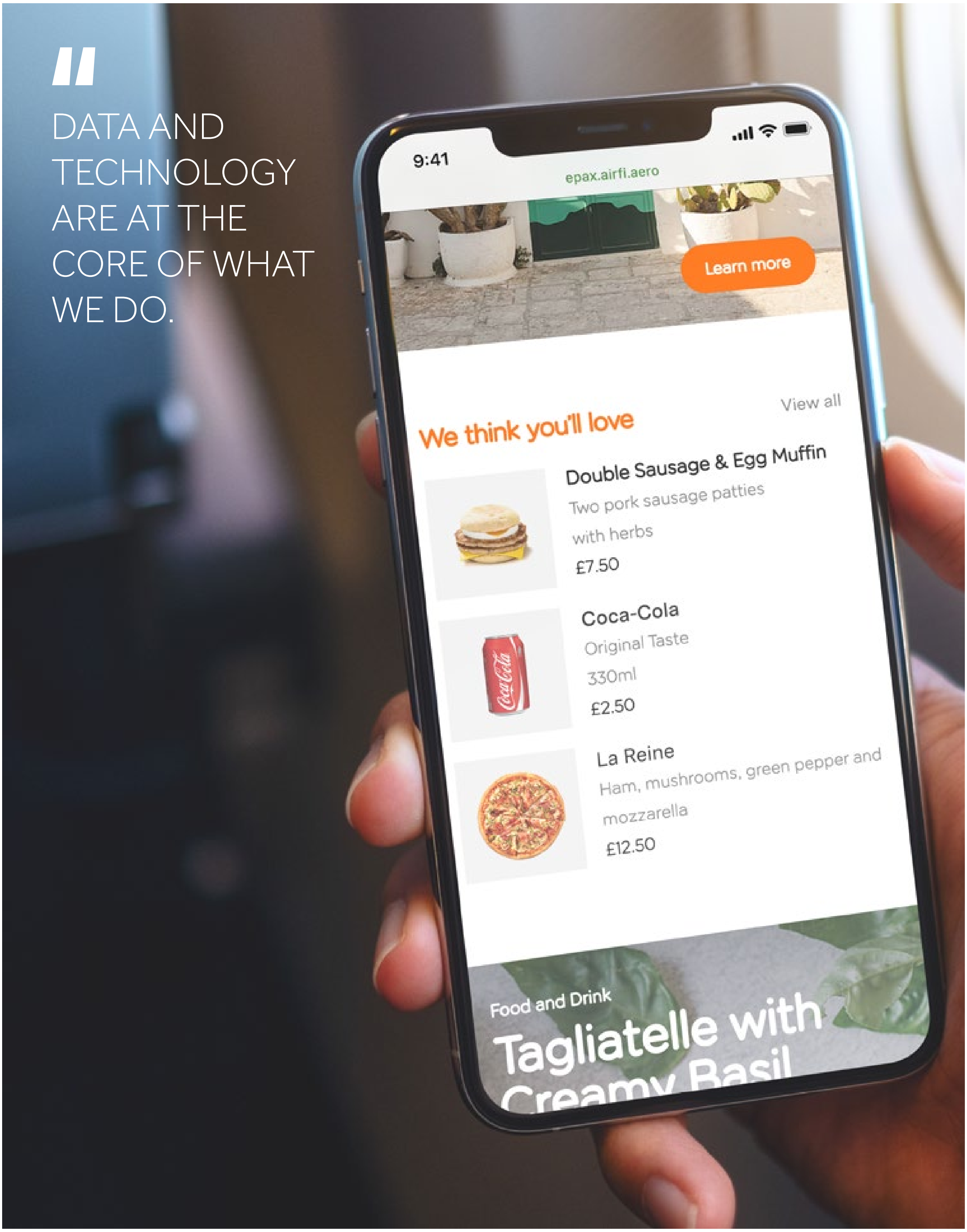
DATA AND TECHNOLOGY ARE AT THE CORE OF WHAT WE DO.



In the winter of 2020/1, we announced a trial of our industry-first inflight digital retail platform - Epax - with EasyJet. Our flagship platform uses machine learning and data-driven innovation to deliver more relevant choice for passengers. When using Epax, airline customers have an intuitive, convenient, and engaging way to access inflight retail services, allowing them to browse, order and buy from inflight retail ranges, all from their own mobile devices.

For the first time anywhere in the world, passengers can access a full on-board retail offering in one location from their own personal device, keeping physical contact with equipment or material onboard to a minimum. This retail experience will be accessible via simple connection to an onboard wireless network through the passenger's own browser.

It will also support more relevant choices, using machine learning and data driven innovation to offer a smarter inflight retail experience. Customers will be presented with more of what they want, based on factors such as flight destination, flight duration and time of day, as well as insights generated by a wealth of inflight retail data.

By removing the need for physical menus and brochures the platform has the potential to remove hundreds of tons of paper a year from the cabin, while smarter loading of cabins based on retail data can be expected to reduce waste.

HIGHLIGHTS 2020

Data science and behavioral economics are changing the research world. By using AI to unlock the power of social data, together with Black Swan Data, we can understand and predict consumer trends, and thereby act smarter and faster to get to market first. Throughout 2020, we engaged in a number of projects to further understand our customers' needs.

SUSTAINABILITY AUDIT

We undertook a full audit of sustainability trends and using this data measured the performance of one of our customers against those trends and those of its competitors to determine which new initiatives would be most suitable for its needs in the future. By doing this, we were able to set in place future-focused principles with which we can drive positive passenger experiences through sustainability initiatives.

MENU INNOVATION

Through in-depth monitoring of social conversations, we were able to create a definition of the customer experience for one of our customers' airline's Business Class menus that was specific to their brand. Understanding food trends and ingredients meant we could immediately come up with new dishes which would improve on passengers' onboard dining experience.

EPAX – THE NEW GENERATION OF END-TO-END RETAIL SOLUTIONS

gategroup's own proprietary solution removes the need for both a printed menu and a retail catalogue onboard. Passengers use their own hand-held devices to access a retail web service which operates in both online and offline cabin environments. Data powers this intelligent platform using social prediction tools provided by Black Swan Data.

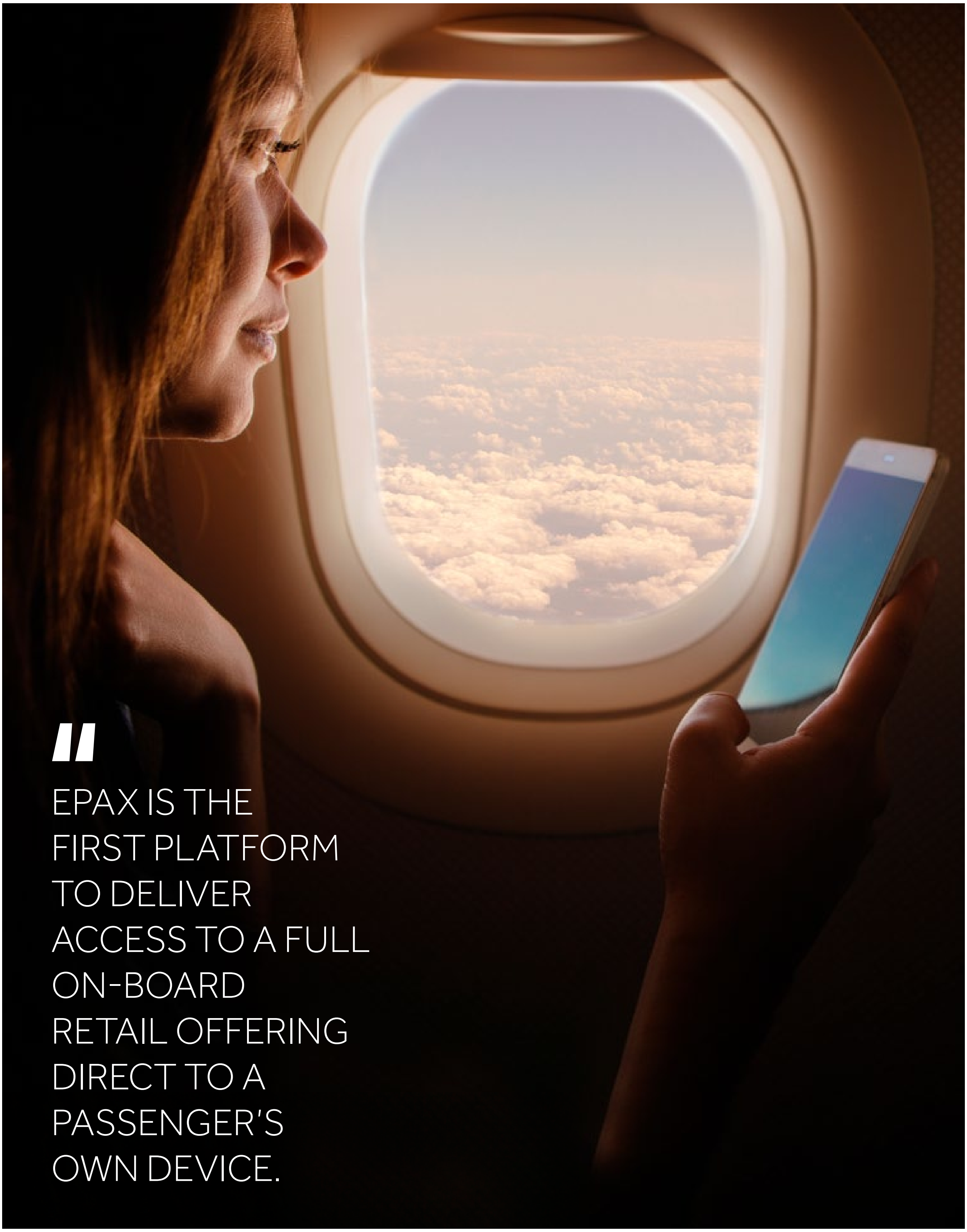
RANGE OPTIMIZATION

By auditing existing inflight retail offerings and onboard Bistro trends, we were readily able to identify areas where waste could be reduced and additional revenue could be generated. Using this data, we can make predictive recommendations of what to stock across brands, products and ingredients to drive higher per passenger spend.

US CULINARY TRENDS PROJECT

In the USA we are reviewing and evaluating current onboard catering trends to pinpoint food and beverage trends in that market and thereby guide future innovation. Focus for the project is in sustainability, functional meals, discovery and new flavors. Gathering and using data effectively enables us to predict and create trends for the future.

Advanced technology means we can place the customer experience at the heart of the decision-making process for our customers. It means they can be more agile, innovate faster, reduce decision-making risk and optimize services while simultaneously identifying new or additional revenue generating opportunities.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EPAX IS THE FIRST PLATFORM TO DELIVER ACCESS TO A FULL ON-BOARD RETAIL OFFERING DIRECT TO A PASSENGER'S OWN DEVICE.

GREEN REVOLUTION

Sustainability

"

WE CONTINUE TO ADDRESS CLIMATE CHANGE, AND THE ECOLOGICAL CHALLENGES IT PRESENTS, IN ORDER TO SAFEGUARD OUR PLANET FOR GENERATIONS TO COME. IF WE WANT ENVIRONMENTAL CHANGE, OUR INDUSTRY MUST JOIN FORCES AND LEAD BY EXAMPLE.

IATA reports that airlines have cut average emissions per passenger journey in half compared to 1990. Building on this, the industry is committed to reducing its environmental impact even further, for example, by reducing or eliminating single-use plastics, introducing onboard recycling initiatives and operating zero waste flights.

Together with the Airline Catering Association, we are working with several trade bodies to understand how inflight catering, and specifically gategroup, can join forces with existing programs. Our business spans many different industries and sectors, there are clear opportunities where we can make an impact to become more sustainable.

We have undertaken a materiality analysis to review our sustainability program and created a new framework, focusing on people, products and the environment. We have listened to all our stakeholders and the framework encapsulates their objectives and allows us to position ourselves in a more effective and dedicated way.

ONEgate, ONEplanet

We are proud of our commitment to taking actions to become more sustainable through our focus on three key dimensions:

OUR PEOPLE

We aim to offer a healthy, inclusive and safe workplace that fosters well-being and development that results in high employee attraction and retention.

OUR PRODUCTS

We aim to provide healthy, sustainable food choices through culinary innovation and supply chain collaboration. This translates into our ambitions for sustainable sourcing, weight reduction and environmentally conscious equipment solutions.

OUR ENVIRONMENT

We aim to minimize waste and food spillage, reduce our carbon footprint through innovation in production, product design and green technologies, by taking an end-to-end approach.


NEW
100%
Biobased &
deSter


"
DESIGNING TODAY
FOR A SUSTAINABLE
TOMORROW.

MEMBER OF THE ELLEN MACARTHUR FOUNDATION

In 2020, deSter became an official Member of the Ellen MacArthur Foundation. This non-profit organization has evolved into a global thought leader on the circular economy and provides a valuable platform to share ideas and keep pushing the envelope on sustainable innovation.

SIGNATURE OF THE GLOBAL TOURISM PLASTIC PACT

deSter signed the global commitment to tackle plastic pollution by joining the Global Tourism Plastics Initiative - developed within the framework of the One Planet Sustainable Tourism Programme, The Ellen Mac Arthur Foundation, the UN Environment Programme and the World Tourism Organization (UNWTO).

MEMBER OF THE SOLAR IMPULSE FOUNDATION

deSter became an official member of the World Alliance for Efficient Solutions of the Solar Impulse Foundation, promoting profitable solutions to protect the environment.

PAPER CUTLERY BY DESTER

deSter is rolling out its unique in-house developed paper board cutlery to several key customers in airline and foodservice and is investing further to increase its production capacity.

PULPAC – SUSTAINABLE DRY-MOLDED FIBER TECHNOLOGY

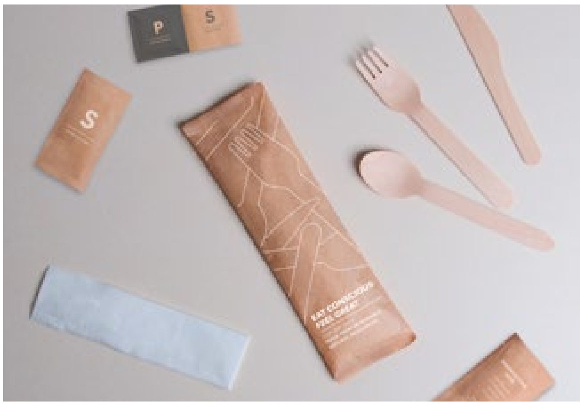
Building on its exclusive partnership with PulPac, deSter now has its first fully working production line in Belgium. It's a milestone in replacing single use plastic by introducing this game changing technology..

CLOSED LOOP RECYCLING

After the successful introduction of our closed loop recycled trays with KLM, deSter is further implementing closed loop recycling programs with other major airlines and continues to work on its European Food Safety Authority (EFSA) dossier. It aims to become the world's first official EFSA approved closed loop recycling provider for airlines.

DESTER, A FSC CERTIFIED COMPANY

In 2020 deSter obtained official FSC certification meaning not only does it assure that the resources it uses are sourced from sustainable managed forests, it also applies to the way deSter manufactures its products.



MCDONALD'S AND STARBUCKS WOODEN CUTLERY

deSter was selected by both companies to introduce and enroll wooden cutlery in Europe. It is fully engaged with both organizations in testing paper cutlery developments in order to switch from the wooden "bridging solution" towards paper cutlery.

OPERATIONAL EXCELLENCE

2020

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WE HAVE BUILT A GLOBAL CULTURE OF OPERATIONAL EXCELLENCE THROUGH THE ONGOING GATEGROUP INNOVATION AND STANDARDIZATION PROGRAM.

We have built a global culture of operational excellence through the ongoing gategroup innovation and standardization program. We follow a defined operating model, where the elements drive performance and predictability through standardization. The elements in the gategroup Operating Model bring together different functions and processes, while they all work in tandem. With a high degree of standardization, we have seen great impact on decreasing variability, increasing flexibility and reduction of waste and cost.

Newly constructed catering facilities, such as our Madrid location, are built following a standard floorplan, flow, equipment and construction materials. Reduced cost and time to build are some of the benefits seen. This latest facility also shows all our global best-in-class standards, from Procurement to IT systems such as our bespoke ERP and workforce management systems.

Core processes, designed following lean manufacturing and 6-sigma methods, generate a seamless flow, reduced footprint and full control of the product. During 2020, we were able to strengthen the overall model further by contributing additional processes and IT systems.

The deployment of those additional elements will support supplementary improvements in quality and consistency in all our operating units. Continuous improvement and innovation are at the heart of our standardization program. And despite the reduction in overall company activity in 2020, our Operations Excellence teams were able to sustain the program already being rolled out in 2019. Its core elements were essential in creating a lean and agile environment, which allowed us to accommodate the pandemic situation in the best way possible.

When COVID-19 struck, we were able to execute our pandemic plan which is an integrated part of the gategroup Operating Model and business continuity structure comprising of three parts: crisis management, business continuity and specific pandemic plans. We used the year wisely and effectively.

The fast-paced way in which we were able to implement our plan was praised by both customers and industry partners alike. We led the industry in our response to the pandemic throughout the year. In a highly structured and managed way we were able to close and open facilities – all using the same standard processes, while volumes fluctuated.

Every one of our operational facilities was affected in some way by the pandemic. Utilizing our Pandemic Risk Management tool – designed and developed at the beginning of 2020 by our Operations Compliance team - we identified all risks involved and addressed them with a standard set of remedies and followed a 3-tier severity rating. All this allowed us to continue to operate and serve our customers in the safest way possible. Bearing all this in mind, further implementation of the Standard Operating Model will be driven by our operational teams throughout 2021.

Performance Management

Property

People & Organization

Procurement/Supply Chain

Processes

Product

ERP + Systems

CSR

WORKING DIRECTLY WITH ACA IN 2020

We successfully leveraged our membership of the Airline Catering Association (ACA), to jointly develop Covid-19 Health and Safety Guidelines for the airline catering industry. gategroup's Covid-19 pandemic plan was used as a base to create the ACA guidance together with their members.

READY & OPTIMISTIC FOR THE FUTURE

We are ready to accommodate the increase in flights and passengers as things start to normalize. Operational ramp up playbooks have been created to support a coordinated response to increased customer demand and potential changes.

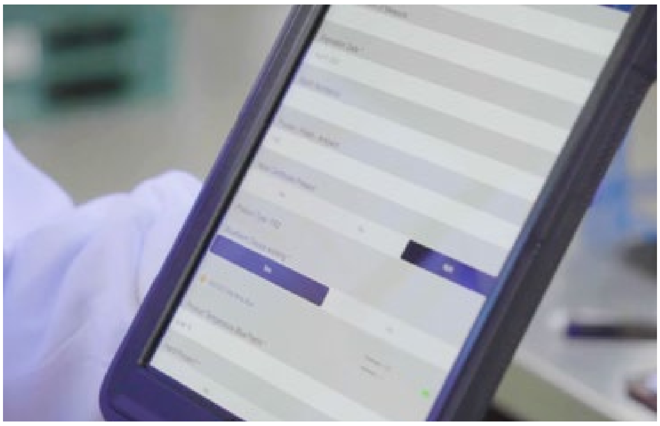
STANDARDS

2020 enabled us to review all our standards across the business to ensure we are not standing still, and we continued the development of new, additional standards. Standards, jointly developed with best performing locations, create a lift in performance across our network. They create a clearly visible gategroup "experience" for our staff and customers.

Standards drive predictable performance and can be easily integrated into newly acquired businesses. Subject Matter Experts with representation from every region test and vet the standards, including all elements of the gateOPEX program. Competence Centers in each region implement and support further development or refinement of the standards.

While we are developing our non-aviation segment, Operations Excellence has created the standard process to secure a smooth transition from business development to launch. Continuous improvement remains the hallmark of everything we do.

We have started a journey which we are sustaining. It's a multi-year journey and the core theme will continue to be standardization in parallel with innovation.



CORPORATE RESPONSIBILITY

2020

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OUR TEAMS CONTRIBUTE TIME, EXPERTISE AND RESOURCES TO CHARITABLE AND COMMUNITY-BASED ORGANIZATIONS AROUND THE WORLD.

gategroup's aims to be an environmentally and socially responsible corporation. The way we do business is as important as the results we achieve. We foster a working environment focused on operating in an ethical manner, treating our employees, suppliers and partners fairly, managing and minimizing our environmental impact, and playing a part in our working communities.

This is reaffirmed through global and regional Initiatives. Our teams contribute time, expertise and resources to charitable and community-based organizations around the world.

Our commitment to our employees and customers has been evident throughout the COVID-19 pandemic. When the pandemic struck, we were able to execute our pandemic plan which is an integrated part of our business continuity structure. This allowed us to dedicate time and energy to helping our communities using our technical know-how, equipment and supplies. We are proud to have participated in multiple initiatives at various levels to do our part in helping to cope with the consequences of COVID-19.

DELIVERING FACE SHIELDS IN BELGIUM TO HELP FIGHT THE PANDEMIC

deSter delivered 25,000 face shields to the Belgian COVID-19 Task Force to be distributed to health workers in Belgian hospitals fighting against the COVID-19 virus. The face shields provide a complete front, side and top protection, can be disinfected for re-use and are specifically designed for a long-time comfortable fit. The development came about as a result of a close cooperation between deSter and two other Belgian companies, IBR Timbtrack and Guru Plastics.

DELIVERING MEALS AND PRESERVING JOBS IN THE USA

With COVID-19 threatening many people's access to food and leaving Americans without jobs, Project Isaiah works to keep hundreds of food service workers employed while delivering meals to those in need. The Pro Football Hall of Fame, Gate Gourmet and a group dedicated philanthropists are partnered in a nationwide effort to deliver meals to people affected by the COVID-19 pandemic.

DELIVERING DAILY MEAL PACKS IN ASIA & OCEANIA

Gate Gourmet in Australia supported New South Wales Health (NSW Health) in delivering daily meal packs while in New Zealand. The food was donated to the Auckland City Mission charity. Gate Gourmet Hong Kong donated surplus food to an organization that redistributes to registered charities to feed those in need while also reducing food waste.

CATERING MULTIPLE REPATRIATION FLIGHTS IN CHILE

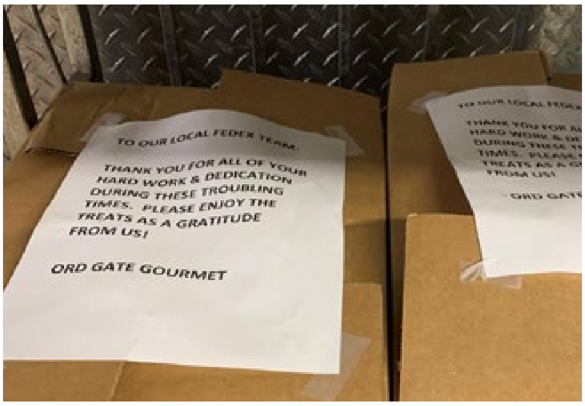
Teams at Gate Gourmet Chile catered multiple government-sponsored humanitarian and repatriation flights to numerous locations around the world. They also continue to service our non-airline customers, adapting to new health and safety standards, distribution constraints and new packaging requirements.

SURPLUS PRODUCTS DONATED TO SPANISH NGOS TO HELP DURING THE PANDEMIC

Twelve pallets of surplus gateretail products were donated to the NGO, Banco de Alimentos - The Food Bank of Madrid - a non-profit charity whose purpose is to obtain free food to distribute it among charities dedicated to the direct assistance and care of people in need within the Community of Madrid. Gate Gourmet Madrid also started to produce meals for a second NGO, Caritas, which it distributed among people with special needs or with supply problems during the pandemic.

HELPED KEEP OUR PARTNER FEDEX MOVING CRITICAL MEDICAL SUPPLIES

In the midst of the catastrophic first wave of the COVID-19 pandemic, gategroup worked with local airport and health authorities to keep working during the lockdown. This effort was required to supply the FedEx crews moving critical medical supplies around the world 24 hours a day, seven days a week.



SUPPORT FOR OUR PARTNER FEDEX MOVING CRITICAL MEDICAL SUPPLIES

Delivery company FedEx plays a vital part in addressing effects of the global Coronavirus as it moves critical medical supplies around the world 24 hours a day, seven days a week. As a key supplier of catering on a number of these its flights, gategroup ensured crews were provided with meals on these critical journeys.

SERVAIR HELPS TO FIGHT COVID-19 IN FRANCE

Faced with the coronavirus crisis and the health emergency in public health establishments, Servair supported hospitals and healthcare teams by sending nearly 56,000 surgical masks, 10,000 FFP2 masks and 4,500 disposable gowns to hospitals in France. In addition to that, Servair donated 11 tons of foodstuff to the Red Cross in France and prepared 60,000 meals for underprivileged children who can no longer attend school.

MCDONALD'S AND GATEGROUP DONATE CUTLERY PACKS TO MILAN HOSPITAL

Fast food restaurant chain McDonalds, in partnership with deSter, donated 12,000 cutlery packs to the Fiera Milano Hospital in Italy in order to support providing meals for the hospital's employees and volunteers.

NAS SERVAIR AND BRITISH AIRWAYS TEAMED UP TO SUPPORT COMMUNITIES IN KENYA

NAS Servair, in cooperation with British Airways, came together to support communities in need in Nairobi, Kenya, with a particular focus on children. Together they donated juice, chocolate and yoghurt to three local orphanages, the Nyuumbani Children's Home, the Dagoretti Corner Children's Home and the Hope & Rescue Children's home.

SUSTAINABLE GASTRONOMY DAY

The United Nations Sustainable Gastronomy Day focuses the world's attention on the role that sustainable gastronomy can play. It reaffirms that all cultures and civilizations are contributors and crucial enablers of sustainable development. gategroup teams celebrated by creating seasonal, sustainable dishes such as seafood Bouillabaisse, the traditional Provençal fish stew – made with Norwegian Skrei Cod, which has a short, protected annual fishing season. This head-to-tail recipe wastes none of the cod and is paired with other sustainable ingredients.

#LOCKDOWNRECIPE EMPLOYEE CAMPAIGN

During the first lockdown, and as countries were shutting down one by one across the globe, gategroup employees were encouraged to share their favorite lockdown recipes they created at home. This campaign, launched on gategroup's employee app, engaged employees to recreate dishes or improve their cooking skills. Thanks to gategroup's international employee base, it created a source of positivity and inspiration with recipes spanning the entire globe.

EXECUTIVE MANAGEMENT BOARD

XAVIER ROSSINYOL

CHIEF EXECUTIVE OFFICER

Xavier Rossinyol was appointed Chief Executive Officer of gategroup effective April 1, 2015 and is a Member of the Executive Management Board. Before joining gategroup, Mr. Rossinyol was at Dufry, a leading global travel retailer operating in 60 countries, where he served as Chief Operating Officer EMEA and Asia from 2012 to 2015, and as Chief Financial Officer from 2004 to mid-2012. He also opened close to 15 new markets in Europe, Africa and Asia. From 1995 to 2004, Mr. Rossinyol worked for the Spanish-based Grupo Áreas (part of the French publicly traded Group Elior, a world-leading company in both contract and concession catering). Mr. Rossinyol holds a BBA and MBA in International Management and Finance from ESADE (Barcelona,Canada and Hong Kong), and a Master in Business Law from Universitat Pompeu Fabra, Barcelona.

CHRISTOPH SCHMITZ

CHIEF FINANCIAL OFFICER

Christoph Schmitz joined gategroup as Chief Financial Officer in January 2015 and is a Member of the Executive Management Board. Mr. Schmitz brings over 20 years' experience as a CFO at multinational companies. Prior to joining gategroup he was CFO at Wild Flavors, an international supplier of ingredients to the food and beverage industry, where he successfully implemented a private equity-supported buy and build strategy. Mr. Schmitz also held the role of CFO at Pfleiderer for the North American region based in Montreal, Canada and at Pergo in Zug, Switzerland. Similarly, he was CFO at Walter Construction Group in Australia, Metallgesellschaft and Mannnesmann in Germany and was the Managing Director and CFO of Indomag Steel Technology based in New Delhi, India. Mr. Schmitz holds an MBA from the Rotman School of Management at the University of Toronto and an M.Sc. in Business Management.

HERMAN ANBEEK

PRESIDENT AMERICAS, EUROPE AND MIDDLE EAST

Herman Anbeek was appointed President, Americas, Europe & Middle East in June 2015 and is a Member of the Executive Management Board. Mr. Anbeek previously served as Group Senior Vice President and President Emerging Markets in March 2012 and was promoted to President, Airline Solutions in September 2014. Before this, Mr. Anbeek held the position of Chief Commercial Officer from June 2007. In addition to experience in consulting and the retail sector, Mr. Anbeek has profound knowledge of the aviation and airline catering industries. Before joining gategroup, he held several roles at LSG Sky Chefs and KLM in the Netherlands and the Caribbean. Mr. Anbeek holds a Master of Science in Business Engineering from the University of Technology, Enschede, The Netherlands.

JANN FISCH

PRESIDENT ASIA PACIFIC

Jann Fisch was appointed President of Asia Pacific on June 22, 2015 and is a Member of the Executive Management Board. Mr. Fisch previously served as Chief Corporate Development Officer from September 1, 2014. Mr. Fisch joined the Group in June 2013 as Group Senior Vice President and President Europe and Africa.Mr. Fisch has more than two decades of experience in leading large, complex operational units in the catering and airline industries, including experience in operational turnarounds and launching innovative service offerings. He previously served as Chief Executive Officer of the Nuance Group, Australia and New Zealand, a role he held since 2007. From 2002 to 2007 he worked at Pick Pay and Compass Group as Chief Executive Officer for Switzerland. From 1993 to 2001, Mr. Fisch held various positions at Swissair Group and at subsidiaries Gate Gourmet and Swisscargo AG. Mr. Fisch holds a Master in Engineering from the Swiss Federal Institute of Technology (ETH) Zurich.

ALEXIS FRANTZ

PRESIDENT SOUTHERN EUROPE AND AFRICA

Alexis Frantz was appointed gategroup's President Southern Europe and Africa in January 2019 and is a Member of the Executive Management Board. Appointed Chief Executive of Servair in January 2019, Mr. Frantz has extensive experience in the airline industry. Prior to this role he was Corporate Secretary and member of the Executive Committee at Servair. He joined Servair from Air France in 2013 as Director of Strategy and held a number of leadership positions before being appointed Head of Organization and Communication for Ground Operations. Mr. Frantz holds an MS from the École Polytechnique and an MBA from the Kellogg School of Management in Chicago.

FEDERICO GERMANI

CHIEF COMMERCIAL OFFICER

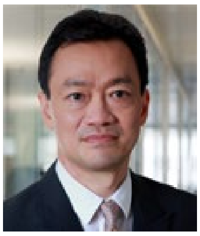
Federico Germani joined gategroup as Chief Commercial Officer in October 2017. Mr. Germani is a seasoned aviation industry expert with more than 14 years of experience in the LATAM Group where he held the position of Corporate Senior Vice President for Services and Innovation, and several corporate global leadership roles first based in the U.S. and later in Brazil. Before joining LATAM Group, Mr. Germani held leadership roles in McKinsey, Goldman Sachs and IBM. Mr. Germani holds an MBA in marketing and finance from the Kellogg School of Management and an MSc in Industrial Engineering from Instituto Tecnologico of Buenos Aires.

BOARD OF DIRECTORS

RICHARD ONG

CHAIRMAN OF THE BOARD

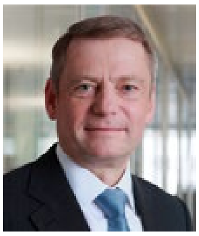
Richard Ong is the Founder, Chairman and Chief Executive Officer of the RRJ Group. Prior to founding the RRJ Group, Mr. Ong was a co-founder and Chief Executive Officer of HOPU. He was named gategroup's Chairman of the Board in April 2019. Prior to 2008, Mr. Ong had a 15-year career with Goldman Sachs. Based in Beijing, he was partner and co-head of the Asian Investment Banking Division (ex-Japan). He became a Managing Director of Goldman Sachs in 1996 and a partner in 2000. Mr. Ong was also a member of the Goldman Sachs Asian Management Committee. Prior to his transfer to Goldman Sachs Gaohua Securities Co. Ltd. in Beijing, he was the Co-President of Goldman Sachs Singapore. Richard also has experience working in Hong Kong, and prior to joining Goldman Sachs, Mr. Ong worked in New York City for Chase Manhattan Bank and Prudential-Bache Capital Funding. Mr. Ong graduated from Cornell University with a Bachelor of Science and MBA from the University of Chicago.



CHARLES ONG

MEMBER OF THE BOARD

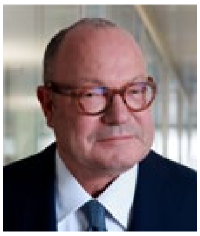
Charles Ong is co-Chairman of RRJ Capital. Prior to joining RRJ in 2012, Mr. Ong was with Temasek Holdings for 10 years, where he held various positions including Chief Investment Officer and Chief Strategy Officer. From 2009-2011, he was Chief Executive Officer of Seatown Holdings International, a global investment subsidiary of Temasek Holdings. Mr. Ong was with Deutsche Bank from 1998-2002 where he oversaw their investment banking business in South-East Asia. He started his career with Lazard Freres & Co, New York in 1989 and he relocated to Singapore in 1995 to help start Lazard's operations in Asia. Mr. Ong is a graduate of Massachusetts Institute of Technology (B.Sc.) and he holds an MBA from Harvard Business School.



UWE KRUEGER

MEMBER OF THE BOARD

Dr. Uwe Krueger joined Temasek in January 2018, and is currently Joint Head, Portfolio Management Group and Head, Industrials, Business Services, Energy & Resources. Prior to Temasek, Dr. Krueger was the Chief Executive Officer of WS Atkins plc, one of the world's largest engineering firms providing professional, technology-based consultancy and support services globally to private and public sector clients. Prior to Atkins, he was the President of Cleantech Switzerland. He was also an Operations Director and Senior Advisor with TPG Capital, based in London and San Francisco. Before TPG Capital, he was the Chief Executive Officer of OC Oerlikon Management AG and assumed multiple roles with Hochtief AG, among them CEO Central/Eastern Europe (Warsaw, Moscow) and Chairman Turner International (Dallas/US). He started his career as a Project Manager with A.T. Kearney. Dr. Krueger currently serves on the Board of Aggreko plc. He previously served on the Boards of SUSI AG, Ontex S.A., and was a Member of the Swiss Federal Nuclear Commission. Dr. Krueger holds a PhD from University of Frankfurt and was conferred an Honorary Doctorate from Heriot-Watt University, Edinburgh. He also holds an Honorary Professorship of Physics at Johann Wolfgang Goethe University, Frankfurt. He received the European CEO of the Year Award in 2016.



ANDREAS SCHMID

MEMBER OF THE BOARD

Andreas Schmid is an entrepreneur and has served as Chairman and co-owner of Helvetica Capital AG since 2017 and as Chairman of the Board of Zurich Airport since 2000. In 2008 Andreas Schmid was elected into the Board of Steiner AG and two years later into the Board of Wirz Partner Holding AG, where he has served as Chairman of the Board since 2017. In 2014 he was named Chairman of the Board of Trustees of Avenir Suisse and in 2017 was elected to the Board of The Radisson Hotel Group. Formerly, Mr. Schmid was Chairman of gategroup from 2009 until 2015. He was appointed Chairman and CEO of Barry Callebaut AG 1999, where he subsequently served as Vice-Chairman until 2014 and thereafter as member of the Board of Directors until 2017. Between 2002 and 2006 Mr. Schmid chaired the Board of Directors of Kuoni Travel Holding AG and between 2007 and 2011, he chaired the Supervisory Board of Symrise AG. Mr. Schmid holds a master's degree in law (lic. iur.) from the University of Zurich, where he also studied economics and management.

FREDERICK W. REID

MEMBER OF THE BOARD

Frederick W. Reid has held a number of board and executive positions in his more than three decades in the aviation industry. In early 2019 he joined Airbnb as Global Head of Transportation. He has also served as President of Flexjet, Inc. and was founding Chief Executive Officer of Virgin America. Mr. Reid was also President and Chief Operating Officer of Delta Air Lines and, prior to that, was Delta's Chief Marketing and Planning Officer. Before that, he was President of Lufthansa German Airlines. Most recently, Mr. Reid served as President of the Cora Aircraft Program, the world's most advanced electric vertical take-off aircraft.

BJÖRN BAJAN

MEMBER OF THE BOARD

Mr. Bajan is a business lawyer with over 30 years of experience as partner in a Zurich law firm as well as Executive Manager and Member of the Board in various Swiss and international corporations. He is presently the Chairman of Susi Partners AG in Zurich, a leading sustainable infrastructure investor. He also served as Executive Board member of OC Oerlikon Corporation AG, one of the world's leading high-tech industrial companies and as Corporate Secretary and Board Advisor of Landis+Gyr. Mr. Bajan holds a degree in Law from the University of Zurich and is a member of the Zurich Bar. Additionally, he earned a Master of Law in international Business Law from the University of London.

XAVIER ROSSINYOL

MEMBER OF THE BOARD

Xavier Rossinyol has more than 20 years of experience in the airline, catering and retail sector, ranging from travel retail to concession, contract and in-flight catering. He joined gategroup as Chief Executive Officer in April 2015. Prior to joining gategroup, Mr. Rossinyol held numerous leadership positions at Dufry, a publicly traded global travel retailer, including as Chief Operating Officer EMEA and Asia and as Group Chief Financial Officer. From 1995 to 2004, he worked for the Spanish-based Grupo Áreas, a subsidiary of Paris-based Group Elior, a world leader in contract and concession catering. Mr. Rossinyol holds a BBA and MBA in International Management and Finance from ESADE (Barcelona,Canada and Hong Kong), and a Master in Business Law from Universitat Pompeu Fabra, Barcelona.

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WE ARE A KEY PART
OF THE GLOBAL CULINARY
COMMUNITY WHICH IS
CONSTANTLY ON THE MOVE.

CONSOLIDATED FINANCIAL STATEMENTS

Financial Report 2020

Consolidated Financial Statements

Consolidated Income Statement

in CHF m	Notes	2020	2019
Total revenue	6	**1,552.5**	**4,962.8**
Materials and service expenses		(513.8)	(1,782.2)
Personnel expenses	7	(973.3)	(2,072.7)
Other operating expenses, net	8	(450.7)	(825.8)
Impairment charges	16, 17, 18, 19	(121.9)	(8.7)
Depreciation and amortization	16, 18, 19	(204.3)	(214.2)
Other gains and (losses), net	9	(49.7)	24.2
Total operating expenses		**(2,313.7)**	**(4,879.4)**
Operating (loss)/profit		**(761.2)**	**83.4**
Financial income	10	3.3	4.6
Financial expense	10	(91.7)	(82.7)
Share of result of associates and joint ventures	11	(9.6)	5.5
(Loss)/profit before tax		**(859.2)**	**10.8**
Income tax expenses	21	(18.6)	(89.3)
Loss for the year		**(877.8)**	**(78.5)**
thereof attributable to shareholders of the Company		(857.7)	(107.4)
thereof attributable to non-controlling interests		(20.1)	28.9

Consolidated Statement of Comprehensive Income

in CHF m	Notes	2020	2019
Loss for the year		**(877.8)**	**(78.5)**
Items that will not be reclassified to profit or loss			
Remeasurement losses on defined benefit plans, net of taxes	21, 22	(22.3)	(25.3)
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising during the year, net of taxes		(32.8)	(18.6)
Other comprehensive income		**(55.1)**	**(43.9)**
Total comprehensive income		**(932.9)**	**(122.4)**
thereof attributable to shareholders of the Company		(905.2)	(147.4)
thereof attributable to non-controlling interests		(27.7)	25.0

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Balance Sheet

in CHF m	Notes	December 31, 2020	December 31, 2019
Cash and cash equivalents	12	302.9	172.1
Trade receivables	13	139.1	431.7
Other current receivables and prepayments	14	167.3	224.7
Inventories	15	145.4	144.5
Current income tax assets		18.5	19.7
Assets held for sale	17	0.6	2.7
Total current assets		**773.8**	**995.4**
Property, plant and equipment	16, 19	1,026.3	1,032.3
Intangible assets	18	1,191.1	1,114.2
Investments in associates and joint ventures	11	31.5	53.4
Financial assets at fair value through profit or loss	20	29.2	39.6
Other non-current receivables		110.5	105.8
Deferred income tax assets	21	35.3	67.4
Total non-current assets		**2,423.9**	**2,412.7**
Total assets		**3,197.7**	**3,408.1**
Short-term debt	23	862.7	296.0
Trade and other payables	24	297.8	356.1
Current income tax liabilities		41.1	61.7
Short-term provisions	25	164.1	41.4
Other current liabilities	26	689.9	760.9
Total current liabilities		**2,055.6**	**1,516.1**
Long-term debt	23	853.5	1,048.1
Deferred income tax liabilities	21	50.2	57.3
Defined benefit liabilities	22	629.4	206.6
Long-term provisions	25	190.0	130.7
Other non-current liabilities	26	18.5	107.5
Total non-current liabilities		**1,741.6**	**1,550.2**
Total liabilities		**3,797.2**	**3,066.3**
Equity attributable to shareholders of the Company		(684.7)	220.8
Non-controlling interests		85.2	121.0
Total equity		**(599.5)**	**341.8**
Total liabilities and equity		**3,197.7**	**3,408.1**

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

in CHF m	Share capital	Treasury shares	Retained earnings and other reserves	Currency translation	Reserves of disposal group held for sale	Total	Non-controlling interests	Total equity
	Attributable to shareholders of the Company							
At January 1, 2020	**135.5**	**(4.1)**	**94.8**	**(5.4)**	**–**	**220.8**	**121.0**	**341.8**
Loss for the year	–	–	(857.7)	–	–	(857.7)	(20.1)	(877.8)
Other comprehensive income	–	–	(22.3)	(25.2)	–	(47.5)	(7.6)	(55.1)
Total comprehensive income	**–**	**–**	**(880.0)**	**(25.2)**	**–**	**(905.2)**	**(27.7)**	**(932.9)**
Effect of hyperinflation accounting	–	–	1.6	–	–	1.6	–	1.6
Capital increase in non-controlling interests	–	–	–	–	–	–	0.3	0.3
Change in ownership of subsidiaries without loss of control	–	–	(1.8)	(0.1)	–	(1.9)	(4.9)	(6.8)
Change in non-controlling interests	–	–	–	–	–	–	(0.3)	(0.3)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(3.2)	(3.2)
At December 31, 2020	**135.5**	**(4.1)**	**(785.4)**	**(30.7)**	**–**	**(684.7)**	**85.2**	**(599.5)**
At January 1, 2019	**134.0**	**(2.6)**	**260.9**	**9.5**	**0.1**	**401.9**	**90.8**	**492.7**
(Loss)/Profit for the year	–	–	(107.4)	–	–	(107.4)	28.9	(78.5)
Other comprehensive income	–	–	(25.3)	(14.7)	–	(40.0)	(3.9)	(43.9)
Total comprehensive income	**–**	**–**	**(132.7)**	**(14.7)**	**–**	**(147.4)**	**25.0**	**(122.4)**
Capital increase	1.5	(1.5)	–	–	–	–	–	–
Effect of hyperinflation accounting	–	–	3.1	–	–	3.1	–	3.1
Capital increase in non-controlling interests	–	–	–	–	–	–	21.9	21.9
Change in non-controlling interests	–	–	–	(0.2)	–	(0.2)	(0.1)	(0.3)
Disposal of subsidiaries (Note 31)	–	–	0.1	–	(0.1)	–	0.3	0.3
Dividends paid (Note 27)	–	–	(36.6)	–	–	(36.6)	–	(36.6)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(16.9)	(16.9)
At December 31, 2019	**135.5**	**(4.1)**	**94.8**	**(5.4)**	**–**	**220.8**	**121.0**	**341.8**

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Cash Flow Statement

in CHF m	Notes	2020	2019
(Loss)/profit before tax		**(859.2)**	**10.8**
Adjustments for:			
Finance result	*10*	88.4	78.1
Share-based payments	*28*	3.6	76.8
Share of result of associates and joint ventures	*11*	9.6	(5.5)
Depreciation and amortization	*16, 18, 19*	204.3	214.2
Impairment charges	*16, 17, 18, 19*	121.9	8.7
Other (gains) and losses, net	*9*	49.7	(24.2)
Cash flow before working capital and provision changes		(381.7)	358.9
Changes in working capital		128.4	30.2
Changes in provisions and defined benefit plans		20.1	(93.4)
Cash used in operations		(233.2)	295.7
Interest paid		(50.7)	(55.5)
Interest received		1.2	2.5
Income taxes paid, net		(25.3)	(54.6)
Cash flow from operating activities		**(308.0)**	**188.1**
Acquisition of subsidiaries, net of cash acquired	*30*	234.5	(0.9)
Purchase of property, plant and equipment		(26.8)	(108.1)
Purchase of intangible assets	*18*	(11.8)	(11.3)
Purchase of financial assets		–	(2.0)
Disposal of subsidiaries, net of cash disposed	*31*	(3.6)	(0.2)
Proceeds from sale of non-current assets		0.8	22.6
Proceeds from sale of financial assets	*20*	–	24.6
Proceeds from sale of investments		0.7	–
Other investing activities		0.1	(1.8)
Dividends from associates and joint ventures		1.3	–
Capital increase in associates		–	(1.0)
Cash flow from investing activities		**195.2**	**(78.1)**
Proceeds from debt		513.8	296.3
Repayments of debt		(247.1)	(353.3)
Dividends paid	*27*	–	(36.6)
Dividends paid to non-controlling interests		(3.2)	(16.9)
Change in non-controlling interests		–	(0.2)
Cash flow from financing activities		**263.5**	**(110.7)**
Change in cash and cash equivalents		**150.7**	**(0.7)**
Movement in cash and cash equivalents			
At start of the year		166.8	174.3
Change in cash and cash equivalents		150.7	(0.7)
Effects of exchange rate changes		(14.8)	(6.8)
At end of the year	*12*	**302.7**	**166.8**

The accompanying notes form an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1 General Information

gategroup Holding AG (the "Company") and its subsidiaries (together the "Group") are the world's largest provider of airline catering services in terms of revenue. The Group also provides retail on board services as well as other services and products linked principally to airline hospitality and logistics. The Group operates a global network spanning approximately 60 countries and territories on six continents. The Company has its registered office in Opfikon, its address is Sägereistrasse 20, CH-8152 Glattbrugg, Switzerland.

On April 3, 2019, RRJ Capital, an investment firm based in Hong Kong and Singapore, completed the acquisition of all outstanding shares of the Company through its subsidiary Saffron Asset Holding Limited, Hong Kong, and became the sole shareholder of the Group. On September 26, 2019, Temasek, a state-owned investment company based in Singapore, executed its mandatory exchangeable bond and acquired 50% of the shares ultimately owned by RRJ Capital.

As at December 31, 2020, 98.9% of the shares outstanding of the Company are held by Saffron Asset Holding Limited, Hong Kong, which is owned by RRJ Capital Master Fund III, Cayman Islands and Temasek Holdings (Private) Limited, Singapore. The remaining shares are held by Senior Management.

These consolidated financial statements were authorized for issue by the Board of Directors of the Company (the "Board") on April 14, 2021.

2 Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied for all years presented, unless otherwise stated.

2.1 Basis of Preparation

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the requirements of the Swiss Code of Obligations, as well as with the accounting and measurement principles described below. The consolidated financial statements are expressed in Swiss Francs ("CHF") (presentation currency) and prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 "Critical Accounting Estimates and Judgments".

Going Concern

These consolidated financial statements have been prepared on a going concern basis.

The Group's financial restructuring became effective on March 29, 2021. This followed approval by the High Court of Justice, Business and Property Courts of England and Wales, of the English law restructuring plan under Part 26A of the United Kingdom's Companies Act 2006. Obtaining this approval had been a key element in the financial restructuring plan (the "Plan") designed to position the Group for a post-COVID-19 future.

The Court's order approving the Plan has been delivered to the UK Companies Registry, with the consequence that all parties to the Plan are committed to it. Under the Plan the Group's shareholders will make CHF 500m available to the business, although in part this will be to replace the Interim Liquidity Facility (Notes 23 and 32.3). The existing financing under the Senior Facilities Agreement (the "SFA"), being the EUR 250m Term Loan and EUR 415m Revolving Credit Facility, have had their maturities extended until October 20, 2026, and the CHF 350m 3.0% bonds due 2022 (the "Bonds") have a revised maturity of February 28, 2027.

Going Concern – Key Terms of the Re-financing

The shareholders, through their affiliates, will make CHF 500m of new funding available in the form of a CHF 25m subscription for equity in gategroup Holding AG and CHF 475m of subordinated convertible loans. The convertible loans will mature on March 31, 2027, and will accrue non-cash (profit in kind) interest at a rate of 12.5% per annum. The loans will be guaranteed by each borrower and guarantor under the SFA but will be fully subordinated to the claims of both the lenders under the SFA and holders of the Bonds issued by gategroup Finance (Luxembourg) S.A. and guaranteed by the Company. The proceeds of the new money injection will replace the CHF 200m Interim Liquidity Facility by way of a cashless rollover.

The maturity of the Group's facilities under the SFA have been extended by 5 years to October 20, 2026. The interest rate applicable to loans outstanding under the SFA will remain unchanged (although certain margin step-up provisions will no longer apply) and subject to certain conditions, the Company may elect to capitalize all or part of the interest.

The maturity of the Bonds are extended by 5 years to February 28, 2027, and the rights of Bondholders on a change of control event, if it is upon Temasek and/or any of its affiliates acquiring more than 50.0% of the shares or voting rights in the Company, are waived. No changes will be made to the interest rate under the Bonds and interest will continue to be payable in cash. The Company has remained in compliance with its financial covenants, these being monitored on an on-going basis.

The provision of the new funding by the shareholders, the amendments to the SFA and the amendments to the Bonds were all inter-conditional.

In addition to the terms of the Plan and the levels of cash and cash equivalents available to the business, the ability of the Group to continue as a going concern continues to be affected by the significant uncertainty surrounding the extent and duration of the COVID-19 pandemic. The pandemic has resulted in a significant reduction of revenue and operating cashflows and it is currently not possible to predict the rate at which the business will return to historic levels of activity.

Based on there being a binding commitment to the Group's financial restructuring, with the Plan becoming effective on March 29, 2021, and completing in April 2021, the current financial projections indicate that there are anticipated to be adequate resources available to allow the business to continue in operational existence for at least 12 months from the date of the authorization of these consolidated financial statements. As such, these consolidated financial statements have been prepared on a going concern basis.

2.2 Changes in Accounting Policies

The following new standards and amendments apply for the first time in 2020, but they have not had a material impact on the consolidated financial statements of the Group:

Standard	Effective date
Amendments to References to the Conceptual Framework in IFRS – IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32	January 1, 2020
IFRS 3 (amendment) – Definition of a business	January 1, 2020
IFRS 9 and IFRS 7 (amendment) – Interest Rate Benchmark Reform	January 1, 2020
IAS 1 and IAS 8 (amendment) – Definition of material	January 1, 2020

Published Standards, Interpretations, and Amendments not yet applied

No other published future amendments to IFRS are currently expected to have any material impact on the Group's accounting practices or on its financial position, performance and disclosure in 2021 or later.

2.3 Consolidation Accounting

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

The acquisition method is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets paid, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Goodwill is measured as the excess of the sum of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the consolidated income statement.

If a business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at each acquisition date and a resulting gain or loss relating to the previously held equity interest is recognized through profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date and subsequent changes in the fair value are recognized in the consolidated income statement.

All material intercompany transactions and balances, and any unrealized gains or losses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Gains and losses on transactions with non-controlling interests are recorded in equity.

When the group loses control over a subsidiary the assets and liabilities, any related non-controlling interests and other components of equity are derecognized. Any resulting gain or loss is recognized in the consolidated income statement.

Associates and Joint Ventures
Associates are those entities in which the Group has significant influence, but not control, over financial and operating policies. Significant influence is presumed to exist when the Group holds, directly or indirectly, between 20.0% and 50.0% of the voting rights of the entity.

The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are those entities over whose activities the Group has joint control including rights to the net assets of the arrangement, established by contractual agreement and requiring unanimous consent of the parties sharing control for strategic financial and operating decisions.

Associates and joint ventures are accounted for using the equity method and are initially recognized at cost. When the Group's share of losses in an associate or joint venture equals or exceeds its interest, no further losses are recognized unless there is a legal or constructive funding obligation. If the associates or joint ventures subsequently report profits, then the Group resumes recognizing its share of those profits only after these equal the share of losses not previously recognized. The book value of investments in associates and joint ventures consists of the share of net assets and goodwill.

In reporting the results of associates and joint ventures their accounting policies are changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Management Board ("EMB"), which has been identified as being the Group's Chief Operating Decision Maker.

2.5 Foreign Currency Translation

The consolidated financial statements are expressed in CHF, which is the Group's presentation currency. Each of the Group's entities determines its own functional currency based on the primary economic environment in which it operates. Transactions in foreign currencies are accounted for at the rates prevailing on the date of the transaction.

Monetary assets and liabilities of the Group's entities which are denominated in foreign currencies are translated using year-end exchange rates. Exchange differences are recorded as an income or expense. Non-monetary assets and liabilities are translated at historical exchange rates. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in a foreign operation and are recognized in other comprehensive income, and presented under currency translation in equity.

For the translation of a foreign-currency operation into the Group's presentation currency (CHF), the following rates are applied:
– year-end exchange rates for assets and liabilities,
– monthly average rates for income statement accounts and
– monthly average rates, or actual rates for significant transactions, in the cash flow statement.

This policy is applicable for all foreign-currency operations, except for operations whose functional currency is the currency of a hyperinflationary economy, for which all amounts – assets and liabilities, income statement accounts and cash flows – are translated at year-end exchange rates.

Translation differences are recorded in other comprehensive income. On disposal of a foreign operation, the related cumulative translation adjustment is transferred from equity and included in the profit or loss from the disposal in the income statement.

The principal exchange rates used were as follows:

Swiss Francs per	**2020 Closing rate**	**2020 Annual average rate**	**2019 Closing rate**	**2019 Annual average rate**
1 Australian Dollar	0.68	0.65	0.68	0.69
1 Euro	1.08	1.07	1.09	1.11
1 GB Pound	1.21	1.21	1.28	1.27
1 Swedish Krona	0.11	0.10	0.10	0.11
1 US Dollar	0.89	0.94	0.97	0.99
1 Korean Won	0.001	0.001	0.001	0.001

2.6 Hyperinflation Accounting

In 2018, the economy of the Argentine Republic was newly classified as being hyperinflationary under the criteria included in IAS 29 – Financial Reporting in Hyperinflationary Economies. In 2019 and 2020, the economy of the Argentine Republic continued to be hyperinflationary. The application of inflation accounting requires restatement of the financial statements of the Argentinian subsidiary into current purchasing power, which reflects a price index at the end of the reporting period, before being included in the consolidated financial statements. Therefore, all non-monetary items are presented in units of measure as of December 31, 2020. All items recognized in the income statement are restated by applying the change in the price index from the dates when the items of income and expenses were initially earned or incurred. For the restatement, the Group used a conversion coefficient derived from the consumer price index in the Argentine Republic, published by the Federación Argentina de Consejos Profesionales de Ciencias Económicas. The index increased by 102.5 basis points from 283.4 as at December 31, 2019, to 385.9 as at December 31, 2020 (2019: Increase by 99.1 basis points). The gain or loss on the net monetary position is recognized in "Finance result" in the consolidated income statement.

2.7 Recognition of Revenue

Revenue is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. Revenue is reduced for estimated volume rebates and other similar allowances. These elements are generally determined applying the expected value method. The Group recognizes revenue when it transfers control over a product or service to a customer. Contract assets primarily relate to the Group's right to consideration for delivery of services and goods not yet invoiced. Contract liabilities consist mainly of deferred revenue, which is recognized when the consideration from the customer has been received but the performance obligations have not yet been satisfied. The Group reports revenue in the categories catering and other, retail on board and equipment. Revenue for all categories is recognized at a point in time.

2.8 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in the balance sheet within short-term debt.

2.9 Trade and Other Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, less provision for impairment. The impairment provision is calculated applying the simplified approach of the expected credit loss ("ECL") model considering only the lifetime ECL. The provision includes an element based on historic credit loss experience, reflecting the average bad debt write-offs over the last three years and a forward-looking element, incorporating country specific credit default rates reflecting public information and expectation of changing conditions. Further, an additional provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and default or delinquency in payments are considered indicators that a trade receivable is impaired.

Trade and other receivables are further classified as either current or non-current depending on whether they are expected to be realized within twelve months of the balance sheet date.

2.10 Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and financial assets at amortized cost. The classification depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Management determines the classification of its financial assets at initial recognition and reclassifies them only when it changes the business model for managing financial assets. All purchases and sales are recognized on the settlement date.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are financial assets held by the Group, including derivative and non-derivative financial assets. Financial assets at fair value through profit or loss are measured at fair value and related transaction costs are expensed in the income statement. Fair value changes on a financial asset at fair value through profit or loss are recognized in the period in which they arise. Assets in this category are classified as current if they are expected to be realized within twelve months and non-current otherwise.

Financial Assets at Amortized Cost

Financial assets at amortized cost are non-derivative financial assets held to collect contractual cash flows, where those cash flows are solely payments of principal and interest on the principal amount outstanding. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities of more than twelve months which are classified as non-current assets. Amortized cost is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method for any difference between the initial amount and the maturity amount, minus any reduction for impairment or collectability.

Impairment of Financial Assets

Financial assets at amortized cost are impaired based on the ECL model. At each balance sheet date the Group assesses whether the credit risk for a financial instrument has increased. For trade receivables, the Group applies the simplified approach permitted by IFRS 9.

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.11 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is determined using the standard cost method, the average cost method, or the first-in first-out method. The cost of inventory comprises the purchase cost of raw materials and traded goods, as well as transport and other direct costs. Allowances are made for obsolete and slow-moving inventories. Unsaleable items are fully written off.

2.12 Up-front Contract Payments

From time to time the Group enters into contracts whereby, in some cases, an up-front payment is made to customers as an integral part of a long-term agreement. These up-front payments are recognized in "Other prepayments and accrued income" and "Other non-current receivables". They are amortized over the life of the related contract. The amortization charge is recorded as a reduction of revenue.

2.13 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. The carrying amount of any replaced asset is derecognized. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Land is not depreciated. Capitalized leased assets are depreciated over the shorter of the useful life and the lease term. Depreciation on other assets is calculated using the straight-line method to allocate cost less any expected residual value over their estimated useful lives, as follows:

– Buildings	10–40 years
– Catering and other equipment	3–10 years
– Fixtures and fittings	5–15 years
– Vehicles	3–12 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

Gains or losses on the sale of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in the consolidated income statement.

2.14 Assets Held for Sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that their carrying value will be recovered primarily through sale rather than through continuing use. Such assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

2.15 Leases

As a Lessee

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

At the commencement date of a lease, a lessee recognizes a liability representing its obligation to make lease payments (i.e. lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

Right-of-use assets are initially measured at cost and subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of useful life or the end of the lease term and are adjusted for impairment losses and any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are presented in the Consolidated Balance Sheet under "Property, plant and equipment".

Lease liabilities are initially measured at the present value of the lease payments that are yet to be paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. As the Group cannot readily determine the interest rates implicit in the leases, the incremental borrowing rate (IBR) is applied. Lease liabilities are subsequently measured at amortized cost using the effective interest method. The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever there is a change in cash flows based on contractual clauses that have been part of the contract since inception (e.g. change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments).

Lease liabilities are presented in the Consolidated Balance Sheet under "Short-term Debt" and "Long-term Debt".

As a Lessor

The lessor classifies its leases as operating leases or finance leases, and accounts for them accordingly. The Group has no material lessor arrangements other than intercompany sublease arrangements.

2.16 Intangible Assets

Goodwill

Goodwill arising on the acquisition of subsidiaries is included in intangible assets. Goodwill arising on acquisitions of associates and joint ventures is included in the carrying value of the investment and is tested for impairment as part of that investment. Separately recognized goodwill is tested at least annually for impairment or whenever there are indications of potential impairment, and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. On disposal of a cash generating unit ("CGU") or an operation forming part of a CGU, the related goodwill is included in the determination of profit or loss on disposal. Goodwill disposed of is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained. Goodwill is allocated to the Group's reportable regions (groups of CGU's), being the lowest level at which the goodwill is monitored for internal management purposes.

Other Intangible Assets

Other intangible assets comprise intellectual property, customer relationship assets from acquisitions and capitalized software. Intellectual property comprises trademarks acquired in business combinations. Acquired intangible assets from business combinations are capitalized at fair value at the acquisition date. Intangible assets acquired separately are measured initially at cost. For capitalized software, capitalized costs can include purchase consideration, employee and consultant costs, and an appropriate portion of relevant overheads. Only costs that are directly associated with the purchase or internal development of identifiable software products controlled by the Group and that are designed to generate economic benefits exceeding costs beyond a one year time horizon, are recognized as capitalized software.

The useful lives of intangibles are assessed to be either finite or indefinite. Trademarks are considered to have an indefinite life if they arise from contractual or other legal rights that can be renewed without significant cost, are subject to continuous marketing support and if there is no foreseeable limit to their useful economic life. Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful life, as follows:

– Customer relationships	5–30 years
– Intellectual property with finite useful life	3–25 years
– Capitalized software	2–5 years

Intangible assets other than trademarks with indefinite useful lives are assessed for impairment when events or changes in circumstances indicate that the carrying value may not be fully recoverable. The useful life is reviewed annually and changes are made on a prospective basis.

Trademarks with indefinite useful lives are tested for impairment at least annually or whenever there is an indicator of potential impairment. The useful life of a trademark with indefinite useful life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, any changes are made on a prospective basis.

2.17 Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested at least annually for impairment or whenever there are impairment indicators. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows, or the reportable regions for goodwill and intellectual property. Non-financial assets other than goodwill that previously suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.18 Employee Benefits

Wages, salaries, social security contributions, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued, net of governmental support received, in the year in which the associated services are rendered by employees of the Group. Where the Group provides long-term employee benefits, the cost is accrued to match the rendering of the services by the employee concerned.

Group companies operate various pension schemes that are designed to follow local practices in the respective countries. The Group has defined benefit and defined contribution plans. The major defined benefit plans are generally funded through payments to independent pension or insurance funds, with the level of funding being determined by regular actuarial calculations.

Defined Benefit Plans

The asset or liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the accrued portion of the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

When the fair value of the plan assets exceeds the present value of the defined benefit obligation, the Group's management assesses whether this surplus is fully recoverable through refunds or reductions in future contributions. Any portion of the surplus which is not fully recoverable is not recognized.

Pension costs comprise service costs (current and past service cost) and net interest. Current and past service costs are recognized immediately in the consolidated income statement. Net interest is determined by applying the discount rate to the net defined benefit liability or asset and is recognized in the consolidated income statement.

Remeasurements of the net defined benefit liability arising from actuarial gains and losses, return on plan assets differing from the assumed interest rates and any change in the effect of an asset ceiling, are reported through the consolidated statement of comprehensive income in the period in which they arise. They are not reclassified to profit or loss in subsequent periods.

Defined Contribution Plans

Under a defined contribution plan the Group pays fixed contributions. The Group has no legal or constructive obligation to pay further contributions. Defined contribution and state administered plans may require employees to make contributions and typically enable employees to earn matching or other contributions from the Group. The funding of these plans is in accordance with statutory funding requirements. Obligations for contributions to defined contribution and state administered plans are recognized as personnel expense in the income statement as incurred.

Other Long-term Employee Benefits

Other non-current employee benefits (including among others jubilee or long service benefits) are also measured using the projected unit credit method. However, unlike the accounting required for defined benefit plans, remeasurements of the net liability (asset) are presented in the consolidated income statement and not in the consolidated statement of other comprehensive income.

Termination Benefits

Termination benefits are recognized on the date on which the Group can no longer rescind the offer of the benefit or when restructuring provisions are recorded.

Share-based Compensation

The Group provides a Phantom Unit Long-term Incentive Plan to members of management. The Plan is accounted for as cash-settled share-based compensation.

The cost of the plan is recognized as personnel expense in the income statement with a corresponding charge to provisions.

2.19 Taxation

Income tax expense in the consolidated income statement is comprised of current and deferred income taxes. Transactions recognized in other comprehensive income include any related tax effects. Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date together with any adjustments to tax payable in respect of previous years.

Deferred income tax is recognized based on the balance sheet liability method, which measures temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. At each balance sheet date, the Group assesses the recoverability of its deferred income tax assets. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset only when the Group has a legally enforceable right to offset.

2.20 Financial Liabilities

Financial liabilities comprise predominantly trade payables, bank overdrafts, loans and lease liabilities. The Group classifies its financial liabilities into the following categories: Trade payables and other financial liabilities at amortized cost and financial liabilities at fair value through profit or loss.

Trade Payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss. They are classified as current if they are due within twelve months and non-current otherwise. They are measured at fair value and related transaction costs are expensed in the income statement. Fair value changes are included in profit or loss for the period in which they arise.

Other Financial Liabilities, including Debt

Debt and other financial liabilities are initially recognized at fair value, net of transaction costs incurred and subsequently carried at amortized cost. Any difference between the amount borrowed and the repayment amount is reported in the consolidated income statement over the duration of the loan using the effective interest rate method. They are classified as a current liability unless the Group has an unconditional right to defer settlement for at least twelve months after the balance sheet date.

2.21 Provisions

Provisions for legal claims, non-income tax disputes, onerous contracts, property disputes, restructuring costs and other matters are recognized when the Group has a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

A contract is onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received. If the Group has a contract that is onerous, a provision is recognized at the present value of the obligation. Restructuring provisions principally comprise employee termination benefits, legal, property and other related costs. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.22 Share Capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recorded in equity in the period in which they are approved by the Company's shareholders.

Where the Group purchases shares of the Company, the consideration paid is recognized as treasury shares and presented as a deduction from equity unless these shares are cancelled or sold. Any consideration received from the sale of these shares is recognized in equity.

3 Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Board has put in place appropriate structures to ensure risk governance and monitoring across the Group.

The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group may use derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department which identifies, evaluates and hedges financial risks where appropriate. The principles for overall financial risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, the use of both derivative and non-derivative financial instruments and the investment of excess liquidity exist and are formally documented.

Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, net investments in foreign operations, third party financing transactions, as well as intercompany transactions.

Whenever possible, foreign exchange risks are reduced by matching income and expenditure in the same currency and negotiating terms with suppliers that include invoicing Group companies in their functional currency.

The Group invests in foreign subsidiaries, whose net assets are exposed to currency translation risk. Generally, the intention is that currency exposure of the net assets of subsidiaries is primarily managed through borrowings denominated in the relevant foreign currencies. When appropriate, the Group enters into foreign exchange forward contracts. In 2020 and 2019, no such transactions were entered into.

The following sensitivity analysis illustrates the foreign currency risk of the material currency exposures on profit after tax and equity. If there had been a change of 5% in the underlying currency with all other variables held constant, the result from the shift in exchange rates related to financial instruments held in the balance sheet can be summarized as follows:

in CHF m	Impact on profit after tax				Impact on equity			
	2020		2019		2020		2019	
Movement against all currencies	5%	(5%)	5%	(5%)	5%	(5%)	5%	(5%)
Australian Dollar	1.2	(1.2)	1.3	(1.3)	0.6	(0.6)	0.5	(0.5)
Canadian Dollar	(1.5)	1.5	(0.9)	0.9	–	–	–	–
Danish Krone	2.0	(2.0)	(0.2)	0.2	1.0	(1.0)	0.8	(0.8)
Euro	(6.0)	6.0	0.5	(0.5)	9.8	(9.8)	7.6	(7.6)
US Dollar	(7.9)	7.9	(5.1)	5.1	–	–	–	–

Cash Flow and Fair Value Interest Rate Risk

The Group's interest rate risk is primarily driven by changes to market interest rates on financial assets and liabilities subject to variable interest and risk free rates. Together with the floating interest rates on cash balances, they form the cash flow risk which creates uncertainty over future net interest payments. The interest rate risk is limited through the issue of the fixed interest rate Bonds (nominal CHF 350.0m). The remaining exposure is addressed through the management of the fixed/floating ratio of net financial liabilities. To manage this, the Group may enter into interest rate swap agreements. At December 31, 2020 and 2019, no such interest rate derivatives were outstanding. Assets and liabilities at fixed rates only expose the Group to fair value interest rate risk in case they are classified as fair value through profit or loss (Note 20).

The primary objective of the Group's interest rate management is to protect the net interest result.

The Group analyzes its interest rate exposure on a regular basis. Various scenarios are simulated taking into consideration the sensitivity of financial assets and liabilities with variable interest rates and the refinancing of positions with a maturity of less than twelve months. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run for interest-bearing positions.

Based on the simulations performed, at December 31, 2020, if there had been an interest rate increase of 100 basis points/decrease of 20 basis points with all other variables held constant, profit/(loss) after tax for the year would have been CHF 4.3m lower/CHF 0.8m higher (2019: CHF 3.1m lower/CHF 0.6m higher). At December 31, 2020 and 2019, other components of equity would not have been impacted.

Credit Risk

Credit risk reflects the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group.

It is the Group's policy that customers who trade on credit terms are subject to credit verification procedures. The assessment of the credit quality of the Group's customers is reflected in the Group's internal rating system which takes into account the financial position, past experience, ownership structure, specific market conditions and other factors. In addition, receivable balances per customer are monitored, at least monthly, on a consolidated basis. The credit exposure by customer is regularly reviewed and approved by management. In cases where management assesses the trend of the exposure to any customer as unsatisfactory or in cases where the credit quality of any customer deteriorates, the Group seeks to enforce measures to reduce the exposure and might revise the payment and credit terms. The total outstanding trade balances of the Group's five largest receivable positions at December 31, 2020, constitute 36.1% (2019: 26.3%) of the total gross trade receivable amount and individually they accounted for between 4.5% and 10.0% (2019: 3.1% and 8.0%) of the total gross trade receivables. Due to appropriate provisioning, management does not expect any additional losses from non-performance by customers.

The credit risk arising from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions is limited because the Group's risk policy stipulates that a major portion of cash and cash equivalents must be placed with broadly diversified counterparties that are assessed to have a low risk of default.

Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate level of committed credit facilities. The Group's central treasury department achieves flexibility in funding by maintaining availability under committed credit lines. The Group monitors its risk to a shortage of funds by reviewing short-term and mid-term cash forecasts during the year.

The following table details the contractual maturity of the Group's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities at the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

2020 in CHF m	**1–3 months**	**3 months- 1 year**	**1–5 years**	**More than 5 years**	**Contractual Value**	**Carrying Value**
Debt	84.3	786.9	695.3	217.9	**1,784.5**	1,716.2
- thereof lease liabilities	*23.2*	*58.9*	*262.4*	*163.1*	*507.5*	*442.7*
Other non-current liabilities	–	–	12.3	8.0	**20.3**	18.5
Trade and other payables	192.2	52.3	–	–	**244.4**	244.5
Other current liabilities	188.4	410.1	–	–	**598.5**	568.4
Balance at December 31	**464.8**	**1,249.3**	**707.6**	**225.9**	**2,647.7**	**2,547.6**

2019 in CHF m						
Debt	33.2	67.5	1,149.1	194.6	**1,444.4**	1,344.1
- thereof lease liabilities	*27.4*	*63.0*	*307.4*	*189.8*	*587.6*	*493.5*
Other non-current liabilities	–	–	134.2	–	**134.2**	107.5
Trade and other payables	247.5	54.3	–	–	**301.8**	301.8
Other current liabilities	307.2	342.5	–	–	**649.7**	624.9
Balance at December 31	**587.9**	**464.3**	**1,283.3**	**194.6**	**2,530.1**	**2,378.3**

At the end of the reporting period, the Group had drawn CHF 453.2m (2019: CHF 212.2m) of the Revolving Credit Facility ("RCF"). The RCF may be drawn at any time to meet short-term financing needs. It is subject to a bi-annual Compliance Certificate.

3.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard its status as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain a capital structure focused on reducing the cost of capital. The Group manages capital by monitoring its net debt to EBITDA ratio. To maintain or adjust the capital structure, the Group may distribute dividends, issue new shares or adjust the level of debt.

The Group's existing committed credit facilities are available to the Company and certain of its subsidiaries (Note 23). The RCF and the Term Loan contain a covenant with respect to liquidity. The Company has remained in compliance with its covenants.

3.3 Fair Value of Financial Assets and Financial Liabilities

Financial assets are recognized at amortized cost, which approximates fair value, or at fair value (Note 20). Financial liabilities are generally recognized at amortized cost, which approximates fair value. The fixed rate five-year senior Bonds accounted for at amortized cost (Note 23) of CHF 348.3m (2019: CHF 347.3m) are quoted in an active market (Level 1 measurement) with a fair value of CHF 298.9m (2019: CHF 363.0m). All other financial assets and financial liabilities are not based on observable market data (Level 3 measurement).

4 Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under foreseeable circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related final outcome. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described in the following table.

Business combination and control assessment	Assessment of control and significant influence in connection with investments in subsidiaries, associates and joint ventures, require the exercise of judgment, including the level of Board and Management involvement. Business combinations in particular require the exercise of judgment in establishing the fair values of assets and liabilities at acquisition and recognizing the elements of the transaction with the seller.	Notes 11, 30
Contingent consideration	The valuation of contingent consideration arrangements arising from business combinations is based on the evaluation of future scenarios which require significant judgment.	Note 30
Provisions	Provisions may be recorded for matters over which there is uncertainty, therefore requiring a significant degree of assumption and estimation when determining the timing and the probable future outflow of resources.	Note 25
Taxes	Provisions for income taxes require significant judgment as these are based on transactions and calculations for which the ultimate tax determination is spread over numerous jurisdictions. Deferred tax assets are based on anticipated results for the relevant taxable entity over a period of several years into the future, including interpretations of existing tax laws and regulations.	Note 21
Impairment of assets	At least once a year goodwill and intangible assets with indefinite useful life are tested for impairment. The impairment testing is based on value in use calculations requiring estimation of future sales and appropriate discount rates.	Note 18
Retirement Benefit Obligations	In various countries there are defined benefit plans. The calculation of the defined benefit plan liability is based on actuarial assumptions of discount rates, inflation and life expectation. Such assumptions can differ substantially from actual circumstances due to changes in market conditions and economic environment.	Note 22
Financial Instruments at fair value through profit or loss	Financial Instruments at fair value through profit or loss require significant judgment due to limited observable market data such as the book values and the profitability of the underlying business used in the valuation process.	Note 20
Leases	The Group has certain lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain an option to renew or terminate will be exercised. The Group cannot readily determine the interest rates implicit in the leases. Therefore, the incremental borrowing rate (IBR) is applied to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs (such as market interest rates) when available and uses a single discount rate curve per currency for the entire group taking into account a risk-free rate (respecting the duration of the lease agreement) and the credit spread applicable to the entire Group.	Note 19

5 Segment Information

The Group is organized and managed primarily on the basis of geographic regions with the reporting structure being realigned in December 2020 in conjunction with the acquisition of LSG Europe (Note 30). The revised reportable segments are NWE (Northern and Western Europe), SEA (Southern Europe and Africa), North America, Emerging Markets (comprising Latin America and Asia Pacific) and All other segments (comprising CEE (Central Europe, Eastern Europe and Middle East), Equipment Solutions and certain central activities). The prior year segment reporting presented below has been restated to be in accordance with the new structure.

5.1 Reportable Segment Information

January – December, 2020 in CHF m	**NWE**	**SEA**	**North America**	**Emerging Markets**	**All other segments**	**Elimina-tions**	**Total reportable segments**
External revenue	282.8	392.3	402.7	218.9	255.8	–	1,552.5
Intersegment revenue	7.6	6.1	0.1	0.4	28.3	(42.5)	–
Total revenue	**290.4**	**398.4**	**402.8**	**219.3**	**284.1**	**(42.5)**	**1,552.5**
EBITDA	**(58.9)**	**(79.3)**	**2.0**	**(78.0)**	**(42.5)**	**–**	**(256.7)**
Total segment assets	367.2	720.1	475.2	488.3	1,146.9	–	3,197.7
Total segment liabilities	(616.9)	(425.8)	(528.2)	(403.7)	(1,822.6)	–	(3,797.2)
Additions to non-current assets[i]	7.7	9.6	13.8	5.4	16.7	–	53.2

January – December, 2019 (restated) in CHF m	**NWE**	**SEA**	**North America**	**Emerging Markets**	**All other segments**	**Elimina-tions**	**Total reportable segments**
External revenue	1,094.2	1,066.2	1,275.9	819.0	707.5	–	4,962.8
Intersegment revenue	39.6	25.2	4.7	0.7	105.9	(176.1)	–
Total revenue	**1,133.8**	**1,091.4**	**1,280.6**	**819.7**	**813.4**	**(176.1)**	**4,962.8**
EBITDA	**56.1**	**115.2**	**97.3**	**126.9**	**44.8**	**–**	**440.3**
Total segment assets	512.7	918.7	596.5	757.4	622.8	–	3,408.1
Total segment liabilities	(569.7)	(367.3)	(550.5)	(484.1)	(1,094.7)	–	(3,066.3)
Additions to non-current assets[i]	33.6	30.3	41.1	17.0	25.7	–	147.7

[i] Relates to property, plant and equipment and intangible assets

EBITDA is defined as earnings before interest, tax, depreciation, amortization and management fees. EBITDA excludes share-based payments, restructuring costs, transaction-related costs, operating taxes (non-income taxes) and other gains and losses, net. The Executive Management Board ("EMB") assesses the performance of operating segments based on EBITDA. The reconciliation to operating profit as reported in the consolidated income statement is presented below. Total segment assets and liabilities reported under All other segments include amounts in Corporate entities.

5.2 Reconciliation

Reconciliation of EBITDA to operating profit

in CHF m	**2020**	**2019**
EBITDA	(256.7)	440.3
Share-based payments (Notes 7, 28)	(3.6)	(76.8)
Restructuring costs (Notes 7, 8)	(107.5)	(27.5)
Transaction-related costs	(5.0)	(25.6)
Operating taxes (non-income taxes)	(12.3)	(28.0)
Depreciation (Notes 16, 19)	(167.3)	(175.8)
Amortization (Note 18)	(37.0)	(38.4)
Impairment charges, net of reversals (Notes 16, 17, 18, 19)	(121.9)	(8.7)
Other gains and losses, net (Note 9)	(49.7)	24.2
Management fees, net	(0.2)	(0.3)
Operating (loss)/profit	**(761.2)**	**83.4**

5.3 Entity-wide Disclosures

Geographic Information

Revenue by country

in CHF m	2020	2019
United States	367.6	1,142.7
France	301.8	805.3
Switzerland[I]	150.4	569.4
Other countries	732.7	2,445.4
Total[II]	**1,552.5**	**4,962.8**

[I] Country of domicile of the Company
[II] Relates to revenue from external customers

No other country represented more than 10% of revenue from external customers in 2020 or 2019.

Non-current assets by country

in CHF m	2020	2019
France	450.2	566.6
Germany	383.8	31.8
United States	282.6	355.8
Switzerland[I]	265.3	252.2
Other countries	835.5	940.1
Total non-current assets[II]	**2,217.4**	**2,146.5**

[I] Country of domicile of the Company
[II] Relates to property, plant and equipment and intangible assets

No other country represented more than 10% of non-current assets as of December 31, 2020 or 2019.

Major Customers

Two major customers accounted for 14% and 8% of 2020's total revenue respectively (2019: 11% each). Their revenues are attributable across all reportable segments.

6 Revenue

in CHF m	2020	2019
Catering and other	1,294.7	4,072.2
Retail on board	154.4	634.7
Equipment	103.4	255.9
Total	**1,552.5**	**4,962.8**

Catering revenue includes revenue from on board catering and related logistic services. Other revenue includes revenue from other catering and other services, the latter including laundry, aircraft cleaning, lounge and security services and asset management. Retail on board revenue comprises the sale of food and non-food products directly to passengers. Equipment revenue includes revenue from the sale of food contact items (such as cutlery, cups, glasses and plates), and comfort items (such as headsets, blankets and amenity kits).

Payment terms are individually agreed with the Group's customers and are tailored to the specific factors relating to each customer contract.

in CHF m	2020	2019
Deferred revenue	(2.8)	(6.8)
Total contract liabilities	**(2.8)**	**(6.8)**

Contract liabilities are recognized and settled continuously in the normal course of business.

From time to time the Group enters into service contracts, whereby an up-front contract payment is made to a customer. These are made as an integral part of a long-term agreement with such customers. These up-front payments are recognized in "Other prepayments and accrued income" (Note 14) and "Other non-current receivables". They are amortized over the life of the related contract and the amortization charge is recorded as a reduction of revenue.

Movements on the up-front contract payments are as follows:

in CHF m	2020	2019
Balance at January 1	**93.7**	**70.8**
Additions	14.0	44.2
Reclassifications	(3.2)	(4.8)
Amortization charge for the year	(17.4)	(13.4)
Exchange differences	(2.4)	(3.1)
Balance at December 31	**84.7**	**93.7**

7 Personnel Expenses

in CHF m	2020	2019
Wages and salaries	(814.0)	(1,561.0)
Social security costs	(105.0)	(166.9)
Pension defined benefit plan expense (Note 22)	(4.8)	(15.4)
Pension defined contribution plan expense	(22.4)	(32.0)
Share-based payments (Note 28)	(3.6)	(76.8)
Restructuring costs	(103.7)	(19.4)
Other personnel costs and benefits	(139.5)	(201.2)
Government grant income	219.7	–
Total	**(973.3)**	**(2,072.7)**

8 Other Operating Expenses, Net

in CHF m	2020	2019
Utility and other property costs	(108.2)	(196.7)
Operating fees and deductions	(36.7)	(194.7)
Lease related expense (Note 19)	(10.4)	(20.4)
Maintenance costs	(44.6)	(96.5)
Audit, consulting and legal fees	(44.0)	(64.0)
IT and communication costs	(54.9)	(78.3)
Administrative and operative costs	(31.7)	(60.9)
Transport and travel costs	(6.2)	(25.0)
Restructuring costs	(3.8)	(8.1)
Provision for impairment of receivables	(90.9)	(24.0)
Insurance costs	(15.2)	(14.3)
Outsourced service costs	(7.3)	(10.3)
Other operating taxes	(14.8)	(28.0)
Other operating costs	(15.6)	(28.0)
Other operating income	33.6	23.4
Total	**(450.7)**	**(825.8)**

9 Other Gains and Losses, Net

in CHF m	2020	2019
(Loss)/gain on sale of assets, net	(9.7)	21.4
Loss on sale of investments in associates and joint ventures	(0.1)	–
(Loss)/gain on disposal of subsidiaries	(30.0)	2.8
Fair value adjustments	(9.9)	–
Total	**(49.7)**	**24.2**

The (loss)/gain on sale of assets, net arose from the sale of property, plant and equipment, intangible assets and other assets.

10 Finance Result

in CHF m	2020	2019
Interest income	1.1	2.5
Other finance income	2.2	2.1
Total financial income	**3.3**	**4.6**
Interest expense	(52.4)	(43.1)
Interest on lease liabilities (Note 19)	(18.4)	(21.2)
Net interest on defined benefit plans (Note 22)	(4.8)	(6.0)
Foreign exchange gains/(losses), net	1.2	(2.6)
Other finance costs	(17.3)	(9.8)
Total financial expense	**(91.7)**	**(82.7)**
Total	**(88.4)**	**(78.1)**

"Other finance costs" include fair value adjustments to financial assets at fair value through profit or loss (Note 20) in the amount of CHF 9.3m (2019: CHF 1.9m in "Other finance income").

"Foreign exchange gains/(losses), net" include net monetary gains from hyperinflation accounting in the Argentinian subsidiary of CHF 1.2m (2019: CHF 0.1m).

11 Investments in Associates and Joint Ventures

2020 in CHF m	Associates	Joint ventures	Total
Aggregated carrying amount	**30.9**	**0.6**	**31.5**
Share of result of associates and joint ventures	(9.2)	(0.4)	(9.6)
Share of other comprehensive income	(1.5)	–	(1.5)
Share of total comprehensive income	**(10.7)**	**(0.4)**	**(11.1)**
2019 in CHF m			
Aggregated carrying amount	**52.5**	**0.9**	**53.4**
Share of result of associates and joint ventures	5.4	0.1	5.5
Share of other comprehensive income	(1.1)	–	(1.1)
Share of total comprehensive income	**4.3**	**0.1**	**4.4**

The unrecognized share of losses of associates and joint ventures is CHF 5.9m as of December 31, 2020 (2019: CHF 1.8m).

12 Cash and Cash Equivalents

in CHF m	2020	2019
Cash and bank balances	295.0	160.3
Short-term bank deposits	7.9	11.8
Balance at December 31	**302.9**	**172.1**

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

in CHF m	2020	2019
Cash and bank balances	295.0	160.3
Short-term bank deposits	7.9	11.8
Bank overdrafts (Note 23)	(0.2)	(5.3)
Balance at December 31	**302.7**	**166.8**

13 Trade Receivables

in CHF m	2020	2019
Trade receivables	308.6	501.9
Trade receivables due from related parties	4.5	8.2
	313.1	**510.1**
Provision for impairment of receivables	(174.0)	(78.4)
Balance at December 31	**139.1**	**431.7**

The impaired receivables mainly relate to customers who were experiencing difficult financial circumstances and the majority of these amounts are more than two months overdue. It was assessed that a portion of these receivables is expected to be recovered. The maximum credit risk to which the Group is exposed at December 31, 2020 and 2019, is represented by the carrying amounts in the balance sheet.

The aging-analysis of the trade receivables is as follows:

in CHF m	2020	2019
Not overdue	121.4	267.2
Less than 1 month overdue	25.3	131.3
1 to 2 months overdue	9.5	18.2
Over 2 months overdue	156.9	93.4
Balance at December 31	**313.1**	**510.1**

Movements on the provision for impairment of trade receivables are as follows:

in CHF m	2020	2019
Balance at January 1	**(78.4)**	**(65.9)**
Provision for receivables impairment	(88.1)	(26.2)
Receivables written off during the year as uncollectible	3.4	3.7
Unused amounts reversed	9.5	8.0
Acquisition of subsidiaries	(28.7)	–
Disposal of subsidiaries	5.7	–
Exchange differences	2.6	2.0
Balance at December 31	**(174.0)**	**(78.4)**

Provisions have been recognized against receivables to reflect the increased risk of non-collectability in the aviation industry in general, together with specific amounts for customers who represent an identified additional risk. Amounts provided are generally written off when there is no expectation of further recovery. The Group does not hold any significant collaterals as security.

14 Other Current Receivables and Prepayments

in CHF m	2020	2019
Other receivables	39.6	27.0
Other receivables due from related parties	2.2	2.3
Prepaid taxes other than income tax	38.8	56.8
Other prepayments and accrued income	86.7	138.6
Balance at December 31	**167.3**	**224.7**

15 Inventories

in CHF m	2020	2019
Raw materials	112.9	73.6
Catering supplies	28.4	48.5
Work in progress	4.0	4.7
Finished goods	18.0	26.0
Provision for obsolescence	(17.9)	(8.3)
Balance at December 31	**145.4**	**144.5**

16 Property, Plant and Equipment

Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment property.

in CHF m	2020	2019
Owned assets	604.4	543.4
Right-of-use assets (Note 19)	421.9	488.9
Total property, plant and equipment	**1,026.3**	**1,032.3**

Owned Assets

2020 in CHF m	Land and buildings	Fixtures and fittings	Assets under construction	Catering and other equipment	Vehicles	Total
Net book value						
Balance at January 1, 2020	**161.1**	**108.8**	**41.8**	**126.0**	**105.7**	**543.4**
Additions	0.8	4.6	8.0	9.6	5.2	28.2
Reclassifications	0.5	6.6	(25.2)	4.8	10.8	(2.5)
Acquisition of subsidiaries (Note 30)	78.4	4.5	1.4	37.9	31.0	153.2
Disposal of subsidiaries (Note 31)	–	–	–	(0.2)	(1.0)	(1.2)
Disposals	–	–	–	(0.6)	(0.3)	(0.9)
Depreciation charge for the year	(11.4)	(20.6)	–	(31.7)	(21.8)	(85.5)
Impairment	–	(1.5)	–	(0.7)	–	(2.2)
Exchange differences	(5.6)	(9.0)	(1.9)	(6.7)	(4.9)	(28.1)
Balance at December 31, 2020	**223.8**	**93.4**	**24.1**	**138.4**	**124.7**	**604.4**
Net book value						
Cost	310.4	275.4	24.1	353.7	311.2	1,274.8
Accumulated depreciation	(86.6)	(182.0)	–	(215.3)	(186.5)	(670.4)
Balance at December 31, 2020	**223.8**	**93.4**	**24.1**	**138.4**	**124.7**	**604.4**

2019 in CHF m						
Net book value						
Balance at January 1, 2019	**168.7**	**104.0**	**43.1**	**123.4**	**100.3**	**539.5**
Additions	3.7	12.8	51.0	29.4	14.4	111.3
Reclassifications	6.0	15.0	(51.0)	11.0	16.3	(2.7)
Disposals	–	(0.5)	(0.2)	(1.5)	(0.5)	(2.7)
Depreciation charge for the year	(12.1)	(20.3)	–	(33.6)	(23.6)	(89.6)
Impairment	–	–	–	(0.7)	–	(0.7)
Exchange differences	(5.2)	(2.2)	(1.1)	(2.0)	(1.2)	(11.7)
Balance at December 31, 2019	**161.1**	**108.8**	**41.8**	**126.0**	**105.7**	**543.4**
Net book value						
Cost	249.7	287.2	41.8	332.3	287.9	1,198.9
Accumulated depreciation	(88.6)	(178.4)	–	(206.3)	(182.2)	(655.5)
Balance at December 31, 2019	**161.1**	**108.8**	**41.8**	**126.0**	**105.7**	**543.4**

The carrying amount of land recorded under land and buildings at December 31, 2020, is CHF 30.5m (2019: CHF 28.0m). Within property, plant and equipment, assets pledged for mortgages amount to CHF 4.4m (2019: CHF 4.4m).

The CHF 2.5m of reclassifications during 2020 relate to assets under construction transferred to intangible assets, assets transferred to assets held for sale and other reclassifications. The CHF 2.7m reclassification during 2019 related to assets under construction transferred to intangible assets.

17 Assets Held for Sale

in CHF m	2020	2019
Non-current assets held for sale	0.6	2.7
Balance at December 31	**0.6**	**2.7**

The amounts shown above represent the lower of carrying value and fair value less costs to sell. In 2020, impairments of CHF 0.2m (2019: none) were recognized on assets held for sale and CHF 2.5m (2019: none) were disposed due to subsidiaries disposals (Note 31).

18 Intangible Assets

2020 in CHF m	Goodwill	Intangible assets under con-struction	Intellectual property	Customer relation-ships	Capitalized software	Other	Total
Net book value							
Balance at January 1, 2020	**688.0**	**3.8**	**170.5**	**217.3**	**33.3**	**1.3**	**1,114.2**
Additions	–	5.4	–	–	6.4	–	11.8
Reclassifications	–	(7.3)	–	–	8.3	–	1.0
Acquisition of subsidiaries (Note 30)	189.1	–	–	44.8	0.1	0.2	234.2
Amortization charge for the year	–	–	(3.0)	(19.8)	(14.1)	(0.1)	(37.0)
Impairment	(100.4)	–	–	(17.0)	–	–	(117.4)
Exchange differences	(14.5)	(0.1)	(0.4)	(0.4)	(0.3)	–	(15.7)
Balance at December 31, 2020	**762.2**	**1.8**	**167.1**	**224.9**	**33.7**	**1.4**	**1,191.1**
Net book value							
Cost	1,065.6	1.8	219.8	349.0	133.3	7.0	1,776.5
Accumulated amortization	(303.4)	–	(52.7)	(124.1)	(99.6)	(5.6)	(585.4)
Balance at December 31, 2020	**762.2**	**1.8**	**167.1**	**224.9**	**33.7**	**1.4**	**1,191.1**

2019 in CHF m	Goodwill	Intangible assets under con-struction	Intellectual property	Customer relation-ships	Capitalized software	Other	Total
Net book value							
Balance at January 1, 2019	**711.6**	**–**	**176.2**	**247.8**	**37.6**	**1.6**	**1,174.8**
Additions	–	3.9	–	–	7.3	0.1	11.3
Reclassifications	–	–	–	–	2.7	–	2.7
Disposals	–	–	–	–	(0.1)	–	(0.1)
Amortization charge for the year	–	–	(3.1)	(21.1)	(13.9)	(0.3)	(38.4)
Exchange differences	(23.6)	(0.1)	(2.6)	(9.4)	(0.3)	(0.1)	(36.1)
Balance at December 31, 2019	**688.0**	**3.8**	**170.5**	**217.3**	**33.3**	**1.3**	**1,114.2**
Net book value							
Cost	901.7	3.8	221.4	308.3	124.0	11.3	1,570.5
Accumulated amortization	(213.7)	–	(50.9)	(91.0)	(90.7)	(10.0)	(456.3)
Balance at December 31, 2019	**688.0**	**3.8**	**170.5**	**217.3**	**33.3**	**1.3**	**1,114.2**

Within capitalized software is internally developed software of CHF 29.4m (2019: CHF 27.4m). The 2020 additions to internally developed software amounted to CHF 5.3m (2019: CHF 6.9m).

The CHF 1.0m reclassification in 2020 relates to property, plant and equipment transferred to intangible assets. The CHF 2.7m reclassification in 2019 also related to property, plant and equipment transferred to intangible assets.

Impairment Tests for Goodwill and Intellectual Property

For the purpose of impairment testing, goodwill and intellectual property with indefinite useful lives were allocated to the group of CGUs EME, SEA, North America, Latin America and Asia Pacific, these being expected to benefit from the synergies of the relevant business combinations. The CGUs reflected the Group's previous reportable segments, being the level at which management monitored goodwill and intellectual property.

The recoverable amounts of goodwill and intellectual property are based on value in use calculations. The fair value of the CGUs was calculated using the discounted cash flow method. These calculations use the expected cash flows based on the financial budget approved by the Board, included as the first year of a five-year business plan together with a discount rate, which represents the weighted average cost of capital ("WACC").

Carrying values of indefinite life intangibles and key assumptions are as follows:

2020 in CHF m	**Goodwill**	**Intellectual property**	**Revenue growth rate**	**Discount rate pre-tax**	**Terminal Growth Rate**
EME	281.0	56.1	4.2% – 74.7%	6.4%	0.7%
SEA	153.4	–	4.1%–73.1%	7.2%	2.4%
North America	73.5	30.4	6.6%–35.2%	7.5%	1.9%
Latin America	16.9	7.0	11.0%–53.4%	14.0%	3.9%
Asia Pacific	48.3	9.6	8.3%–65.4%	7.4%	2.1%
LSG Europe[1]	189.1	0.0	n/a	n/a	n/a
Balance at December 31, 2020	**762.2**	**103.1**			

2019 in CHF m					
EME	279.1	57.3	(10.8%)–7.8%	5.7%	1.6%
SEA	242.1	–	(2.7%)–2.1%	7.1%	1.8%
North America	80.3	27.9	0.7%–7.0%	7.5%	2.3%
Latin America	35.0	6.6	0.0%–7.8%	22.7%	2.3%
Asia Pacific	51.5	11.3	1.1%–5.9%	7.4%	2.1%
Balance at December 31, 2019	**688.0**	**103.1**			

[1] Not allocated as transaction closed shortly before year end

The terminal value beyond the business plan period was calculated by extrapolating the year five cash flows at constant exchange rates using an eternal growth rate, which does not exceed the long-term average growth rate for the respective markets in which the CGUs operate. Revenue growth rates are based on industry research with respect to volume growth, adjusted for impacts from inflation and market-related price changes expected by management. Management determined projected margins based on past performance and its expectations of market developments. The discount rates reflect specific risk and market characteristics relating to the relevant CGUs.

The result of 2020's impairment test, due to a change in the business environment, was a charge in the group of CGUs SEA and Latin America. Goodwill was impaired by CHF 86.1m in SEA and CHF 14.3m in Latin America.

For all other groups of CGUs, the impairment test did not lead to an impairment of goodwill or intellectual property. The recoverable amounts exceed the carrying values. The key sensitivities in the impairment test are the discount rate, revenue growth as well as the terminal growth rate. The Group has carried out a sensitivity analysis, which takes into account changes in one assumption at a time, with the other assumptions remaining unchanged from the original calculation. This indicates that a 0.5% increase in the WACC would lead to impairments of CHF 69.2m in SEA, CHF 5.0m in Latin America and CHF 2.4m in North America. A 0.5% decrease in growth rate would lead to impairments of CHF 55.8m in SEA and CHF 3.2m in Latin America.

In conjunction with the acquisition of LSG Europe, the Group's reportable segments were re-defined with goodwill being re-allocated. Management has determined that this re-allocation of goodwill has not resulted in any further indication of an impairment loss.

19 Leases

Right-of-use Assets

The Group has lease contracts for land and buildings, vehicles and other equipment used in its operations. Carrying amounts of right-of-use assets recognized and the movements during the year are as follows:

2020 in CHF m	Land and buildings	Fixtures and fittings	Catering and other equipment	Vehicles	Total
Net book value					
Balance at January 1, 2020	**461.8**	**0.1**	**14.0**	**13.0**	**488.9**
Additions	10.4	–	0.9	1.9	13.2
Acquisition of subsidiaries (Note 30)	52.6	–	0.6	0.4	53.6
Disposal of subsidiaries (Note 31)	(7.4)	–	–	–	(7.4)
Depreciation charge for the year	(71.1)	(0.1)	(5.6)	(5.0)	(81.8)
Impairment	(2.1)	–	–	–	(2.1)
Modifications	(17.2)	–	1.1	(0.5)	(16.6)
Exchange differences	(25.0)	–	(0.6)	(0.3)	(25.9)
Balance at December 31, 2020	**402.0**	**–**	**10.4**	**9.5**	**421.9**
Net book value					
Cost	523.0	0.1	22.7	20.6	566.4
Accumulated depreciation	(121.0)	(0.1)	(12.3)	(11.1)	(144.5)
Balance at December 31, 2020	**402.0**	**–**	**10.4**	**9.5**	**421.9**

2019 in CHF m					
Net book value					
Balance at January 1, 2019	**516.3**	**0.1**	**19.3**	**14.8**	**550.5**
Additions	20.5	–	1.1	3.5	25.1
Depreciation charge for the year	(75.6)	–	(5.8)	(4.8)	(86.2)
Impairment	(8.0)	–	–	–	(8.0)
Modifications	24.1	–	(0.2)	–	23.9
Exchange differences	(15.5)	–	(0.4)	(0.5)	(16.4)
Balance at December 31, 2019	**461.8**	**0.1**	**14.0**	**13.0**	**488.9**
Net book value					
Cost	549.7	0.1	24.1	21.2	595.1
Accumulated depreciation	(87.9)	–	(10.1)	(8.2)	(106.2)
Balance at December 31, 2019	**461.8**	**0.1**	**14.0**	**13.0**	**488.9**

Lease Liabilities

in CHF m	2020	2019
Balance at January 1	**(493.5)**	**(540.8)**
Cash flows	84.4	101.0
New Leases	(13.2)	(25.1)
Acquisition of subsidiaries	(53.8)	–
Disposal of subsidiaries	7.6	–
Interest (Note 10)	(18.4)	(21.2)
Lease modifications	17.6	(23.0)
Exchange differences	26.6	15.6
Balance at December 31	**(442.7)**	**(493.5)**

The maturity analysis of the lease liabilities are disclosed in Notes 3.1 and 23.

Lease Expenses

The Group has total cash outflows for leases of CHF 95.4m in 2020 (2019: CHF 121.2m). The amounts recognized in the income statement are as follows:

in CHF m	2020	2019
Depreciation expense of right-of-use asset	(81.8)	(86.2)
Interest on lease liabilities	(18.4)	(21.2)
Variable lease payments not included in the measurement of lease liabilities	(1.1)	(6.3)
Expenses relating to short-term leases	(8.4)	(12.3)
Expenses relating to leases of low-value assets, excl. short-term leases of low-value assets	(1.3)	(1.6)
Other lease expense	(0.1)	(0.5)
Other lease income	0.5	0.3
Total amounts recognized in profit and loss	**(110.6)**	**(127.8)**

20 Financial Assets at Fair Value through Profit or Loss

2020 in CHF m	Bonds	Other	Total
Balance at January 1, 2020	**37.1**	**2.5**	**39.6**
Fair value adjustments	(7.2)	(2.1)	(9.3)
Exchange differences	(1.1)	–	(1.1)
Balance at December 31, 2020	**28.8**	**0.4**	**29.2**
Analysis of financial assets			
Non-current	28.8	0.4	29.2

2019 in CHF m	Bonds	Other	Total
Balance at January 1, 2019	**61.7**	**2.5**	**64.2**
Cash flows	(24.6)	–	(24.6)
Fair value adjustments	1.9	–	1.9
Exchange differences	(1.9)	–	(1.9)
Balance at December 31, 2019	**37.1**	**2.5**	**39.6**
Analysis of financial assets			
Non-current	37.1	2.5	39.6

During 2017 the Group signed various agreements to expand its partnerships into the Korean and other Asian markets. As part of these agreements, the Group acquired zero-coupon bonds with attached warrants ('Bonds'), issued by Kumho & Company Inc., in the amount of KRW 160 billion with maturities from 1 to 20 years. The attached warrants allow conversion of the Bonds to equity of Kumho & Company Inc. under certain conditions. The Bonds have been designated as a financial asset at fair value through profit or loss.

The Bonds were initially recognized at fair value of CHF 70.1m with the CHF 72.4m difference to the total cash outflow being recognized as an intangible asset in relation to the market access and customer relationship gained through these agreements. The customer relationship will be amortised over its estimated useful life of 30 years. The Bonds will be measured at fair value through profit or loss.

The Bonds are not traded in an active market and therefore have been categorized as Level 3 in the fair value hierarchy mainly due to their embedded warrants. The valuation is derived from valuation techniques that consider the characteristics of the components of the hybrid instrument, combining a discounted cash flow model for the debt component and a binomial option pricing model for the attached warrants. Main inputs into the valuation methodology include observable factors such as interest rates, credit risk spreads and country risk spreads, volatility as well as unobservable inputs such as book values of the underlying assets and profitability of the underlying business adjusted for future uncertainty.

As at December 31, 2020, inputs used for the valuation include Korean risk-free rates of 1.2% (2019: 1.2%), a country risk premium of 0.6% (2019: 0.5%), a credit risk premium of 7.5% (2019: 6.7%) based on a comparable company basket and a volatility of 30.0% (2019: 25.0%). Further, non-publicly available information was used in internal assessments to determine illiquidity discounts and input factors.

21 Taxes

Taxes Recognized in the Income Statement

in CHF m	2020	2019
Current income tax charge	(7.7)	(74.8)
Deferred tax charge	(10.9)	(14.5)
Total	**(18.6)**	**(89.3)**

Reconciliation of tax expense

in CHF m	2020	2019
(Loss)/profit before tax	(859.2)	10.8
Tax at Swiss tax rate	**169.7**	**(2.1)**

+/- effects of

Deviations from Swiss tax rate	55.3	(6.9)
Unrecognized deferred tax assets	(188.5)	(57.1)
Deferred taxes related to other periods	0.5	2.2
Change in deferred tax due to tax rate change	(1.4)	0.3
Non-deductible expenses	(48.1)	(5.6)
Income not subject to tax	3.1	1.3
Current taxes related to other periods or other countries	(3.6)	(2.2)
Others[1]	(5.6)	(19.2)
Total tax expense	**(18.6)**	**(89.3)**
Weighted average effective tax rate	(2.2%)	826.9%

[1] Others include predominantly foreign exchange adjustments and tax risk provisions.

The above table shows the expected tax expense at the Swiss tax rate of 19.8% (2019: 19.8%) applied to the Group profit before tax and the reconciliation to the actual income tax expense.

Deferred Taxes Recognized on the Balance Sheet

in CHF m	2020	2019
Deferred income tax assets	35.3	67.4
Deferred income tax liabilities	(50.2)	(57.3)
Balance at December 31	**(14.9)**	**10.1**

Movements in deferred taxes

in CHF m	Property, plant and equipment	Intangible assets	Other assets	Liabilities[1]	Tax losses carry forwards	Total
Balance at January 1, 2020	**(91.8)**	**(71.9)**	**(1.2)**	**155.6**	**19.4**	**10.1**
Deferred tax credit/(charge) in the income statement	7.7	8.2	2.6	(45.7)	16.3	(10.9)
Acquisition of subsidiaries (Note 30)	(10.9)	–	–	9.7	–	(1.2)
Deferred tax charge in other comprehensive income	–	–	–	(7.8)	–	(7.8)
Exchange differences	3.9	0.4	(1.2)	(7.8)	(0.4)	(5.1)
Balance at December 31, 2020	**(91.1)**	**(63.3)**	**0.2**	**104.0**	**35.3**	**(14.9)**
Balance at January 1, 2019	**(106.6)**	**(82.0)**	**(5.3)**	**177.6**	**30.6**	**14.3**
Deferred tax credit/(charge) in the income statement	12.6	7.7	4.5	(28.5)	(10.8)	(14.5)
Deferred tax credit in other comprehensive income	–	–	–	10.8	–	10.8
Exchange differences	2.2	2.4	(0.4)	(4.3)	(0.4)	(0.5)
Balance at December 31, 2019	**(91.8)**	**(71.9)**	**(1.2)**	**155.6**	**19.4**	**10.1**

[1] Includes retirement benefit liabilities, provisions, accruals and other liabilities

CHF 7.8m of the deferred tax charge (2019: CHF 10.8m of the deferred tax credit) in the statement of other comprehensive income relate to actuarial gains and losses on defined benefit schemes.

Composition of deferred tax assets and liabilities

in CHF m	Assets December 31		Liabilities December 31		Net December 31	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Temporary differences						
Property, plant and equipment	4.1	5.0	(95.2)	(96.8)	(91.1)	(91.8)
Intangible assets	9.1	1.8	(72.4)	(73.7)	(63.3)	(71.9)
Other assets	38.7	18.0	(38.5)	(19.2)	0.2	(1.2)
Retirement benefit obligations, other liabilities, provisions and accruals	166.5	177.2	(62.5)	(21.6)	104.0	155.6
Tax losses	35.3	19.4	–	–	35.3	19.4
	253.7	**221.4**	**(268.6)**	**(211.3)**	**(14.9)**	**10.1**
Offset of deferred tax assets and liabilities	(218.4)	(154.0)	218.4	154.0	–	–
Deferred tax assets/(liabilities)	**35.3**	**67.4**	**(50.2)**	**(57.3)**	**(14.9)**	**10.1**

Deferred Taxes Not Recognized

Composition of deferred tax assets not recognized

in CHF m	2020	2019
Property, plant and equipment	9.6	5.8
Intangible assets	1.1	–
Other assets	65.4	4.5
Retirement benefit obligations, other liabilities, provisions and accruals	191.9	16.2
Tax losses	326.5	190.0
Deferred tax assets not recognized at 31 December	**594.5**	**216.5**

The Group does not regard any retained earnings of foreign subsidiaries as permanently invested and does not expect any material additional tax payables beyond the recognized deferred tax liabilities on unremitted earnings of the Group.

Tax loss carry forwards and tax credits which are not recognized are summarized by year of expiry as follows:

in CHF m	2020	2019
Less than one year	–	0.1
More than one year and less than five years	175.7	142.1
More than five years	319.8	205.0
No expiry	919.3	492.4
Total	**1,414.8**	**839.6**

The countries with significant unrecognized tax loss carry forwards include Switzerland (CHF 460.1m), Luxembourg (CHF 454.2m), Germany (CHF 108.0m), France (CHF 70.1m), and Denmark (CHF 46.2m). There are no significant unrecognized tax credits.

22 Defined Benefit Plans

The Group provides defined benefit retirement schemes through a variety of arrangements comprised principally of stand-alone plans that cover a substantial portion of employees in accordance with local regulations and practices. The most significant plans in terms of the benefits accrued to date by participants are cash balance and final salary plans, and around 91.4% (2019: 83.0%) of the present value of obligations accrued to date come from defined benefit plans in Germany, Switzerland, the United Kingdom (UK) and the United States (US). A breakdown on the pension-related balance sheet amounts at December 31, 2020 and 2019, is shown below:

2020 in CHF m	**Germany**	**Switzerland**	**UK**	**US**	**Other**	**Total**
Present value of funded obligations	(893.4)	(299.3)	(174.9)	(217.6)	(148.9)	(1,734.1)
Fair value of plan assets	466.2	280.5	222.6	118.7	78.1	1,166.1
Funded status	**(427.2)**	**(18.8)**	**47.7**	**(98.9)**	**(70.8)**	**(568.0)**
Present value of unfunded obligations	(2.9)	–	–	(3.6)	(7.2)	(13.7)
Irrecoverable surplus (effect of asset ceiling)	–	–	(47.7)	–	–	(47.7)
Net defined benefit asset/(liability) at December 31	**(430.1)**	**(18.8)**	**–**	**(102.5)**	**(78.0)**	**(629.4)**

2019 in CHF m						
Present value of funded obligations	–	(292.8)	(164.0)	(221.5)	(137.6)	(815.9)
Fair value of plan assets	–	272.4	217.5	116.8	70.8	677.5
Funded status	**–**	**(20.4)**	**53.5**	**(104.7)**	**(66.8)**	**(138.4)**
Present value of unfunded obligations	–	–	–	(3.8)	(10.9)	(14.7)
Irrecoverable surplus (effect of asset ceiling)	–	–	(53.5)	–	–	(53.5)
Net defined benefit asset/(liability) at December 31	**–**	**(20.4)**	**–**	**(108.5)**	**(77.7)**	**(206.6)**

Germany

The acquisition of LSG Europe resulted in an increase of net liability of CHF 434.2m, at December 2, 2020, being recognized in Germany. In total 3 new plans have been included for the first time. The combined liabilities are disclosed as "Acquisition of subsidiaries".

Following the redesign of German LSG pensions in 2016, the new primary German pension plan is similar to a defined contribution scheme in nature, providing old-age and risk benefits depending on contributions paid and a variable return based on the performance of the fund. Employer contributions' depend on the individual's pensionable salary in the relevant year. Employee contributions are voluntary. Due to a guaranteed minimum return of 0% on contributions, defined benefit accounting is required. When members retire from this plan, accrued balances are converted into annuities based on the applicable German GAAP (BilMoG) interest rate at the time and a fixed 1% pension indexation. Due to grandfathering, a large portion of the liability is still based in defined benefit plans, which are closed to new entrants and cover vested entitlements of members joining the former career-average plan until January 1, 2016. Some employees hired before 2016 are also eligible for benefits based on a cash-balance plan with a fixed 3.5% interest rate.

The majority of liabilities are funded through plan assets from contractual trust arrangements. There are no legal minimum funding requirements. The plans are exposed to interest rate and longevity risk as well as investment risks, in particular the risk that the assets do not achieve the guaranteed investment return. Because of the plan design and a fixed 1% indexation being applicable to most pensions in payment, the impact of inflation is somewhat limited.

Switzerland

The Group operated one significant company-sponsored pension plan during 2020, which provides contribution-based cash balance retirement and risk benefits to employees, so as to meet its obligations under Switzerland's mandatory company-provided pension requirements. The pension plan is established within a foundation that is a legal entity separate from the Group. The Board of Trustees of the foundation is composed equally of employee and employer representatives, who are empowered to decide on such fundamental aspects as the level and structure of the benefits and the fund's investment strategy.

Following the acquisition of LSG Europe, two company-sponsored defined benefit plans have been included for the first time.

There are a number of guarantees provided within the pension plans which expose them to risks of underfunding and may require the Group to help provide refinancing. Since Swiss pension law stipulates a minimum rate for conversion of pension savings into an annuity at retirement and guarantees a minimum interest on retirement assets, the pension plan is exposed beside the interest risk, in particular to the risk of changes in the life expectancy for pensioners and to the risk that the assets do not achieve the investment return assumed. In addition, the existing pension plan holds a significant proportion of equity shares, which are expected to outperform corporate bonds in the long term, but which give exposure to volatility and risk in the short term.

Generally, there is no opportunity for the Group to recover a surplus because under Swiss pension law any surplus that develops technically belongs to a pension plan and therefore the members. A reduction in future contributions is possible only at the discretion of the Board of Trustees of each pension plan and therefore there is a minimum funding requirement for the Group equal to the employer contributions set out in the pension plan rules. As the contributions are set out in the plan rules, the funding arrangements have limited impact on the future cash flow requirements of the Group (except in the case of underfunding).

The funds are invested in a diverse portfolio of asset classes including equities, bonds, property and private equity but do not currently use any more explicit asset-liability matching strategy instruments such as annuity purchase products or longevity swaps.

The following are the principal changes made to the Swiss retirement benefit arrangements in the periods covered by these consolidated financial statements:

- In 2020, a gain on curtailment of CHF 7.8m resulted from staff redundancy and restructuring. Some amendments to disability benefits for certain groups under the Swiss Main Plan were adopted effectively January 1, 2021. These amendments were based on a decision taken by the Board of Trustees. These changes were classified as past service cost events with immediate recognition in "Personnel expenses" in the period ended December 31, 2020.
- The acquisition of LSG Europe led to an additional net liability of CHF 1.8m at December 2, 2020, in Switzerland. The combined liabilities are disclosed under "Acquisition of subsidiaries".
- In 2019, no material changes were made to the Swiss retirement benefit arrangements.

UK

All of the UK plans are final salary, providing benefits to members in the form of a guaranteed level of pension payable for life and they are currently closed to future accrual of benefits. Future benefit accruals are provided through defined contribution plans. The pensions in the defined benefit plans receive inflation-related increases in deferment and once in payment. The benefit payments are from trustee-administered funds. Plan assets held in trusts are governed by local regulations and practice, as is the nature of the relationship between the Group and the Trustees, and the latter's composition. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the Group and the Board of Trustees. The Board of Trustees must be composed of representatives of the Group and plan participants in accordance with the plan's regulations and UK pension law.

Through the UK defined benefit pension plans the Group is exposed to a number of risks. Besides the significant proportion of equity holdings, which give exposure to volatility and investment risk in the short term, the UK plans are exposed to interest rate risk, changes in life expectancy and to changes in inflation rate as the majority of the plans' obligations are to provide inflation-linked benefits (although, in most cases, caps on the level of inflationary increases are in place to protect the plans against extreme inflation).

Given that the plans are closed, as they mature the Group intends to reduce the level of investment risk by investing more in assets that better match the changing profile of the liabilities. A new statement of investment principles was implemented for the main and the management plans in 2019.

The use of any surplus in the pension plans is governed by the plan rules and may not be in the control of the Group, leading in some cases to restrictions on the level of balance sheet asset that may be recognized.

The following updates were implemented in the periods covered by these consolidated financial statements:

- At the end of 2020, a plan amendment was adopted for the UK Pension Plans following the High Court ruling published on November 20, 2020, requiring pension schemes to revisit individual transfer payments made since May 17, 1990, with respect to Guaranteed Minimum Pensions ("GMP") equalisation. The estimated increase in the plans' defined benefit obligation has been classified as a past service cost event and resulted in an additional cost of CHF 0.05m, which was immediately recognized in "Personnel expenses" in the period ended December 31, 2020.
- As part of the April 5, 2018, funding valuation, recognized in 2019, the trustees and employer agreed a change in policy for the main section and management section whereby the scheme would directly meet all scheme-related expense (except for pension protection fund levies and trustees' liability insurance premium), but won't receive a contribution allowance from the Group.

US

The Group operates defined benefit pension plans in the US to provide benefits to members in the form of a guaranteed level of pension payable for life and all plans are currently closed to new entrants and future accrual of benefits. Future pension benefit accruals are provided in defined contribution plans. Pensions from the defined benefit plans generally do not receive inflationary increases once in payment. The majority of benefit payments are from a trustee administered fund; however, there is also a small unfunded non-qualified plan where the Group meets the benefit payment obligation as it becomes due. Plan assets held in trusts are governed by Internal Revenue Service ("IRS") regulations. Responsibility for governance of the plans, including investment decisions and contribution schedules, is also governed by IRS regulations and lies with the Group.

Significant risks that the Group is exposed to through its funded defined benefit pension are, besides the risk of changes in bond yields and life expectancy, asset volatility and investment risk since it holds a significant proportion of equity shares. As the plan matures and the funded status improves, through cash contributions and anticipated excess equity returns, the Group intends to reduce the level of investment risk by investing more in fixed income assets that better match the liabilities.

The funded defined benefit pension plan is governed by special minimum required funding rules as set forth in IRS regulations for certain airlines and caterers of airlines who sponsor a tax-qualified defined benefit pension plan ("Airline Relief"). Under Airline Relief, a fixed 8.85% rate is used to discount funding liabilities whereas the funding rate required to be used for most other defined benefit plan sponsors is linked to high grade corporate bond yields. Thus, the higher 8.85% funding rate has significant consequences. It results in decreased minimum funding requirements in the near term, but also sets a higher earnings target for plan investment returns. In 2023, the funding shortfall will be re-determined by replacing the 8.85% funding rate with a corporate bond yield funding rate. The revised shortfall will be amortized with a seven-year rolling amortization schedule. As a result, based on current conditions, plan minimum required contributions are expected to increase significantly by 2023. Voluntary funding in excess of the current minimum required level is periodically assessed as a potential strategy to mitigate this future funding volatility.

Other Plans

The Group sponsors defined benefit plans in other countries where it operates. No individual countries other than those described above are considered material.

In 2020, the following events were recognized, with other changes having a negligible impact on a group level:

- A gain on curtailment arose from various staff redundancy and restructuring programs, mainly in the French Servair plan (CHF 6.0m) and the Mexican plans (CHF 0.3m), while in Kenya the restructuring resulted in an overall curtailment loss of CHF 0.3m.
- The staff transfer following the agreement between the group and DO&CO on the Liberia facilities resulted in a net curtailment gain of CHF 0.3m.
- In France a cost of CHF 2.4m was recorded for inclusion of a pre-existing agreement first identified this year. This was recognized as a past service cost and included in "Personnel expenses" in the period ended December 31, 2020.
- The Group sold its Indian subsidiary, Sky Gourmet, on March 31, 2020. This led to a CHF 1.0m decrease in net liability and is disclosed under "Disposal of subsidiaries".
- The acquisition of LSG Europe led to a further net liability increase of CHF 1.0m in Belgium at December 2, 2020. The liability is disclosed under "Acquisition of subsidiaries".

In 2019, the following change was reflected:

- A net loss on curtailment of CHF 0.1m arose mainly from a staff redundancy and restructuring in the Kenyan Plan.

The Group recognized total defined benefit costs related to defined benefit plans as follows:

in CHF m	**2020**	**2019**
Service costs		
Current service cost (net of employee contributions)	(16.2)	(15.3)
Curtailment and past service cost	11.4	(0.1)
Personnel expenses - defined benefit costs (Note 7)	**(4.8)**	**(15.4)**
Net interest on defined benefit schemes (Note 10)	(4.8)	(6.0)
Net pension expense	**(9.6)**	**(21.4)**

The remeasurement components recognized in the statement of other comprehensive income for the Group's defined benefit plans comprise the following:

in CHF m	2020	2019
Remeasurement (losses)/gains		
Actuarial gain arising from changes in demographic assumptions	2.3	20.7
Actuarial (loss) arising from changes in financial assumptions	(57.2)	(74.9)
Actuarial (loss)/gain arising from changes in liability experience	(5.1)	0.2
Return on pension assets (excluding amounts in net interest on defined benefit schemes)	41.6	64.9
Change in effect of the asset ceiling (excluding amounts in net interest on defined benefit schemes)	3.9	(47.0)
Total remeasurements recognized in the statement of other comprehensive income	**(14.5)**	**(36.1)**

Remeasurement losses in 2020 based on financial assumptions are driven by decreases in discount rates in the majority of countries, mainly in the UK and the US as well as the reduction in the RPI/CPI gap for the UK plans. These losses were to some extent offset by the higher than expected asset gains for all funded plans (mainly in UK, US and Switzerland). In 2019, the remeasurement losses based on financial assumptions were driven by decreases in discount rates in all regions, mainly in US, Switzerland and UK. The asset ceiling applied to the UK plans led to additional losses. These losses were to some extent offset by the higher than expected asset gains for all funded plans (mainly in UK, US and Switzerland) and the demographic assumption gains. The latter mainly resulted from the change of the mortality assumptions in UK and US as well as an update of the lump sum election rate and disability rate assumption for Switzerland.

The movements in the net defined benefit pension liability recognized within the consolidated balance sheet are as follows:

in CHF m	2020	2019
Balance at January 1	**(206.6)**	**(177.3)**
Acquisition of subsidiaries (Note 30)	(437.0)	–
Disposal of subsidiaries (Note 31)	1.0	–
Pension costs recognized in the income statement	(9.6)	(21.4)
Remeasurement (losses) recognized in the statement of other comprehensive income	(14.5)	(36.1)
Actual employer contributions	25.2	22.9
Exchange differences	12.1	5.3
Balance at December 31	**(629.4)**	**(206.6)**
Being:		
Retirement benefit assets at December 31	–	–
Retirement benefit liabilities at December 31	(629.4)	(206.6)

The following table shows the change in the present value of defined benefit obligations:

in CHF m	2020	2019
Balance at January 1	**(830.6)**	**(777.3)**
Acquisition of subsidiaries	(913.6)	–
Disposal of subsidiaries	1.0	–
Current service cost	(16.2)	(15.3)
Curtailment and past service cost	11.4	(0.1)
Settlement	9.6	–
Interest cost on the defined benefit obligations	(13.3)	(18.8)
Actuarial gain arising from changes in demographic assumptions	2.3	20.7
Actuarial (loss) arising from changes in financial assumptions	(57.2)	(74.9)
Actuarial (loss)/gain arising from changes in liability experience	(5.1)	0.2
Actual benefit payments	41.1	33.4
Actual employee contributions	(4.7)	(4.9)
Exchange differences	27.5	6.4
Balance at December 31	**(1,747.8)**	**(830.6)**

The following table shows the change in the fair value of plan assets:

in CHF m	2020	2019
Balance at January 1	**677.5**	**605.8**
Acquisition of subsidiaries	476.6	–
Interest income on plan assets	9.6	13.0
Actual return on assets (excluding interest income on plan assets)	41.6	64.9
Actual benefit payments	(41.1)	(33.4)
Actual employer contributions	25.2	22.9
Actual employee contributions	4.7	4.9
Settlement	(9.6)	–
Exchange differences	(18.4)	(0.6)
Balance at December 31	**1,166.1**	**677.5**

Benefits paid under the pension plans include CHF 7.4m paid from employer assets in 2020 (2019: CHF 1.0m). The Group expects to contribute CHF 43.5m to its defined benefit pension plans in 2021.

The following table shows the change in the irrecoverable surplus:

in CHF m	2020	2019
Irrecoverable surplus at January 1	**(53.5)**	**(5.8)**
Interest cost on irrecoverable surplus	(1.1)	(0.2)
Change in irrecoverable surplus in excess of interest (asset ceiling)	3.9	(47.0)
Exchange differences	3.0	(0.5)
Irrecoverable surplus at December 31	**(47.7)**	**(53.5)**

Where applicable, the economic benefit available (used in the irrecoverable surplus calculation) as at December 31 is based on the present value of potential reductions in future contributions, which is partially offset by the liability in respect of a minimum funding requirement. For the UK plans, as the Group cannot gain economic benefit from future contributions, the present value of potential reduction in future contributions have been reduced to zero, with the consequence that the asset ceiling is now fully applied for all three plans.

Pension plan assets do not contain shares of the Company. The major categories of plan assets are as follows:

in CHF m	2020	2019
Securities quoted in an active market		
Equities	224.6	246.8
Bonds:		
Government - nominal	3.0	2.8
Government - index-linked	27.3	38.1
Corporate	101.4	95.7
Real estate	5.9	6.1
Cash and cash equivalents	502.5	36.6
Other marketable securities	105.1	101.5
Total quoted securities	**969.8**	**527.6**
Unquoted securities		
Equities	0.1	0.1
Bonds:		
Asset-backed securities	18.1	13.8
Insurance contracts	73.7	66.7
Real estate	71.6	67.3
Other	32.8	2.0
Total other securities	**196.3**	**149.9**
Total	**1,166.1**	**677.5**

The present value of defined benefit obligations by category of members at December 31, 2020 and 2019, is shown below.

in CHF m	2020	2019
Active	(759.2)	(306.4)
Vested	(343.0)	(216.2)
Retired	(645.6)	(308.0)
Balance at December 31	**(1,747.8)**	**(830.6)**
Present value of funded obligations at December 31	(1,734.1)	(815.9)
Present value of unfunded obligations at December 31	(13.7)	(14.7)

The principal actuarial assumptions used for the defined benefit obligations at December 31, 2020 and 2019 and the following year's pension expense are as follows:

2020	Germany	Switzerland	UK	US	All plans
Discount rate (weighted average)	0.8%	0.1%	1.5%	2.4%	0.9%
Rate of compensation increase (weighted average)	2.5%	2.0%	n/a	n/a	2.4%
Inflation rate (weighted average)	n/a	1.0%	2.9%	n/a	1.7%
Pension index rate (weighted average)	1.0%	0.0%	2.9%	n/a	1.0%
2019					
Discount rate (weighted average)	n/a	0.2%	2.1%	3.2%	1.6%
Rate of compensation increase (weighted average)	n/a	2.0%	n/a	n/a	2.2%
Inflation rate (weighted average)	n/a	1.0%	2.9%	n/a	1.7%
Pension index rate (weighted average)	n/a	0.0%	2.8%	n/a	0.9%

Mortality rates have been set in accordance with current best practice in the respective countries. Future longevity improvements have been considered and included where appropriate. The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date and 15 years after the balance sheet date are as follows:

Years	2020	2019
Male - retiring at age 65 on the balance sheet date	20.9	21.5
Female - retiring at age 65 on the balance sheet date	23.7	23.7
Male - retiring at age 65, 15 years after the balance sheet date	22.5	22.7
Female - retiring at age 65, 15 years after the balance sheet date	25.2	24.9

A feature all plans have in common is that the discount rate has a significant impact on the present value of obligations. The other assumptions have varying impacts on the different plans in the respective countries. In the breakdown presented below, the varying impact on the balance sheet from changes in the key assumptions is shown for the various countries.

2020	Germany	Switzerland	UK	US	Other	Total
in CHF m						
Discount rate +0.5% pa	82.3	22.5	15.3	12.4	10.9	143.4
Discount rate -0.5% pa	(97.0)	(25.6)	(17.5)	(13.6)	(12.4)	(166.1)
Rate of compensation +0.5% pa	(1.7)	(3.7)	–	–	(5.0)	(10.4)
Rate of compensation -0.5% pa	1.7	3.4	–	–	5.1	10.2
Pension indexation +0.5% pa	(0.2)	(16.8)	(7.8)	–	(7.2)	(32.0)
Pension indexation -0.5% pa (minimum 0.0%)	0.2	–	9.2	–	4.2	13.6
Life expectancy at age 65 + 1 year	(29.5)	(8.6)	(8.5)	(7.5)	(0.3)	(54.4)
2019						
in CHF m						
Discount rate +0.5% pa	–	22.5	14.2	12.4	10.5	59.6
Discount rate -0.5% pa	–	(25.7)	(16.3)	(13.6)	(11.8)	(67.4)
Rate of compensation +0.5% pa	–	(4.1)	–	–	(5.3)	(9.4)
Rate of compensation -0.5% pa	–	3.8	–	–	5.0	8.8
Pension indexation +0.5% pa	–	(16.5)	(6.7)	–	(6.9)	(30.1)
Pension indexation -0.5% pa (minimum 0.0%)	–	–	8.5	–	4.1	12.6
Life expectancy at age 65 + 1 year	–	(8.3)	(7.9)	(7.1)	(0.3)	(23.6)

The sensitivity analyses above are based on a change in a significant assumption, keeping all other assumptions constant. Interdependencies were not taken into account. Therefore, the sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The duration of the defined benefit obligations at December 31, 2020 and 2019, are:

2020	**Germany**	**Switzerland**	**UK**	**US**	**Other**	**Average**
Years						
Weighted duration of defined benefit obligations	19.5	15.7	18.6	11.8	15.1	17.4
2019						
Years						
Weighted duration of defined benefit obligations	–	16.1	18.6	11.7	15.2	15.2

23 Short-term and Long-term Debt

Short-term and long-term debt comprise various debt instruments:

in CHF m	**2020**	**2019**
Short-term debt		
Debt	788.2	221.2
Lease liabilities (Note 19)	74.5	74.8
Total short-term debt	**862.7**	**296.0**
Long-term debt		
Debt	485.3	629.4
Lease liabilities (Note 19)	368.2	418.7
Total long-term debt	**853.5**	**1,048.1**

The carrying amounts of short-term and long-term debt are as follows:

2020 in CHF m	**Bonds**	**Term Loan**	**Revolving credit facility**	**Related party loans**	**Other[(I)]**	**Total**
Balance at January 1, 2020	**347.3**	**269.3**	**211.0**	**–**	**23.0**	**850.6**
Cash flows from financing activities[(II)]	–	–	230.4	60.3	125.9	416.6
Change in bank overdrafts	–	–	–	–	(4.5)	(4.5)
Amortization	1.0	0.9	1.2	–	–	3.1
Exchange differences	–	(0.9)	10.6	–	(2.0)	7.7
Balance at December 31, 2020	**348.3**	**269.3**	**453.2**	**60.3**	**142.4**	**1,273.5**
Analysis of total short-term and long-term debt						
Non-current	348.3	–	–	–	137.0	485.3
Current	–	269.3	453.2	60.3	5.4	788.2
2019 in CHF m						
Balance at January 1, 2019	**346.3**	**278.3**	**204.7**	**–**	**22.4**	**851.7**
Cash flows from financing activities	–	–	18.1	–	3.3	21.4
Change in bank overdrafts	–	–	–	–	(2.1)	(2.1)
Amortization	1.0	0.9	1.3	–	–	3.2
Exchange differences	–	(9.9)	(13.1)	–	(0.6)	(23.6)
Balance at December 31, 2019	**347.3**	**269.3**	**211.0**	**–**	**23.0**	**850.6**
Analysis of total short-term and long-term debt						
Non-current	347.3	269.3	–	–	12.8	629.4
Current	–	–	211.0	–	10.2	221.2

(I) Includes bank overdrafts which are considered cash and cash equivalents in the cash flow statement (Note 12)
(II) Principal bridging items to the Consolidated Cash Flow Statement are in Leases (Note 19) and Business Combinations (Note 30)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

in CHF m	**2020**	**2019**
Swiss Francs	473.9	422.2
Euro	812.1	466.1
Swedish Kronar	137.5	136.6
US Dollar	165.3	146.9
Other currencies	127.4	172.3
Balance at December 31	**1,716.2**	**1,344.1**

Bonds

During February 2017, the Group raised CHF 350.0m through the issuance of a fixed rate five-year senior bond ("Bonds") with a final maturity on February 28, 2022. The Bonds, with a coupon of 3.0% p.a., were issued by gategroup Finance (Luxembourg) S.A. and are guaranteed by its parent company, gategroup Holding AG. The Bonds are listed on the SIX Swiss Exchange.

Term Loan

The existing five-year EUR 250.0m Term Loan, entered into on October 20, 2015, was extended by 1 year in December 2018 and matures on October 20, 2021.

Revolving Credit Facility

On March 26, 2015, the Group entered into a EUR 240.0m multicurrency Revolving Credit Facility ("RCF"). On March 16, 2016, the RCF was increased by EUR 110.0m to EUR 350.0m and on November 30, 2018, by an additional EUR 65.0m to EUR 415.0m. As of December 31, 2020, the Group utilized RCF drawings of CHF 453.2m, being EUR 295.0m and SEK 1.244,1m (2019: CHF 80.0m and SEK 1,280.0m). The RCF matures on October 20, 2021.

The borrowings under the Bonds, the Term Loan and the RCF all rank pari passu. The Term Loan and RCF are guaranteed by the Company and certain of its subsidiaries. The facilities, except for the Bonds which are fixed at 3.0%, bear interest at floating rates (EURIBOR or LIBOR equivalents) plus a spread. The spreads of the Term Loan and RCF are determined from a margin grid depending on the leverage ratio. In 2020, the interest rate for the Term Loan was between 2.9% and 3.9% (2019: 2.9%) and for the RCF between 2.5% and 3.9% (2019: 2.5%). The financial covenants for the Term Loan and the RCF are a minimum liquidity requirement. The Company has remained in compliance with its covenants.

Related Party Loan

The Group entered into a super senior secured CHF 200.0m Interim Liquidity Facility Agreement in November 2020, with repayment of the Interim Liquidity Facility being due on May 25, 2021 and an interest rate of 6.5%. The lenders under the Interim Liquidity Facility are owned by the ultimate shareholders of the Group, RRJ Capital and Temasek. CHF 60.3m of this facility had been drawn as of December 31, 2020 (Note 32.3).

Other

Other consists principally of the following:

– A loan of EUR 66.0m provided in France under a COVID-19 support program. The loan was provided equally by two banks and is guaranteed by the French state. It has an initial duration of 1 year and can be extended up to 5 years. In the first year, the loan bears an interest rate of 0.5%. Due to the State Guarantee the difference to an applicable market rate has been accounted for as a Government Grant and is amortized over the term of the loan. Should the loan be extended, an applicable market interest rate will be negotiated with the financing parties.
– A loan of USD 59.8m provided in the USA under the Payroll Support Program of the Coronavirus Aid, Relief, and Economic Security Act. This loan is unsecured and had an initial duration of 10 years. This loan bears interest at increasing rates from 4.0% in the first five years up to 10.0% in the final year.

As at December 31, 2020, other debt includes bank overdrafts of CHF 0.2m (2019: CHF 5.3m).

Guarantees

As of December 31, 2020, the Group has guarantees outstanding in favor of associates amounting to CHF 7.4m (2019: CHF 8.3m).

24 Trade and Other Payables

in CHF m	2020	2019
Trade payables	133.3	259.0
Other amounts due to third parties	114.8	48.0
Other current payables due to related parties (Note 32)	0.4	1.2
Sales taxes due	49.3	47.9
Balance at December 31	**297.8**	**356.1**

25 Short-term and Long-term Provisions

in CHF m	Employee benefits	Share-based payments	Restructuring	Legal and tax	Onerous contracts	Property and other	Total
Balance at January 1, 2020	**14.5**	**31.3**	**26.8**	**69.5**	**1.9**	**28.1**	**172.1**
Additions	1.6	3.6	110.6	13.6	–	8.2	137.6
Utilized	(0.8)	(2.6)	(60.9)	(3.1)	(6.6)	(1.6)	(75.6)
Unused reversed	(5.3)	–	(3.1)	(8.4)	–	(0.9)	(17.7)
Unwind of discount	–	–	–	0.3	0.7	1.0	2.0
Acquisition of subsidiaries (Note 30)	19.4	–	–	13.1	81.7	29.6	143.8
Disposal of subsidiaries (Note 31)	(0.5)	–	–	–	–	–	(0.5)
Exchange differences	(0.5)	(0.1)	(1.8)	(4.3)	–	(0.9)	(7.6)
Balance at December 31, 2020	**28.4**	**32.2**	**71.6**	**80.7**	**77.7**	**63.5**	**354.1**
Analysis of total provisions							
Non-current	26.8	23.6	0.7	69.4	19.5	50.0	190.0
Current	1.6	8.6	70.9	11.3	58.2	13.5	164.1

Employee Benefits

In addition to the defined benefit plans as described in Note 22, the Group provides other benefits to employees in certain countries. These include long-term service leave or payments in lieu and post-employment benefits. The expected costs of the long-term benefits are accrued over the period of employment, using a methodology similar to that for defined benefit plans.

Share-based Payments

The provision is with respect to two cash settled share-based plans: an investment by senior management in shares of the Group and a Junior Management Plan which will be settled in cash (Note 28).

Restructuring

The restructuring charges during the year and the provisions remaining at the end of the year relate principally to the businesses in North America, Europe and SEA.

Legal and Tax

The Group has recorded provisions for a number of legal and tax issues. In the ordinary course of business, the Group continues to be involved in a number of legal actions and claims, including non-income tax-related issues in Europe and various legal matters in SEA. The timing of settlement and / or the amount of cash outflows is uncertain.

Onerous Contracts

The Group has recorded provisions for ongoing activities where the unavoidable costs of meeting obligations under customer supply or lease contracts exceed the economic benefits expected to be received. The increase on acquisition related principally to onerous catering contracts.

Property and Other

Provisions have been recorded principally for property-related issues and a range of other, individually immaterial, items.

26 Other Current and Non-current Liabilities

in CHF m	2020	2019
Current		
Accrued payroll and related costs	178.8	223.5
Deferred revenue	2.8	6.8
Accrued rent and other property costs	10.5	11.4
Accrued insurance costs	28.1	27.3
Uninvoiced deliveries of inventory	40.9	92.9
Accrued volume rebates	56.1	135.3
Other accrued expenses	97.6	108.2
Other current liabilities	275.1	155.5
Total current	**689.9**	**760.9**
Non-current		
Other non-current liabilities	18.5	107.5
Total non-current	**18.5**	**107.5**
Total other current and non-current liabilities	**708.4**	**868.4**

Other Non-current Liabilities

As of January 1, 2017, the Group obtained control over Servair by acquiring 50.0% minus 1 share. In 2019, the Group acquired 2 shares to give an ownership of 50.0% plus 1 share. The acquisition arrangements included various put and call options. As at December 31, 2020, a financial liability at fair value through profit or loss of CHF 265.8m (2019: CHF 259.6) has been recognized, for the net present value of the expected payments relating to the option arrangements. In 2020, CHF 110.3m (2019: CHF 155.5m) of this financial liability was reclassed from other non-current liabilities to other current liabilities. The expected payments were discounted using the discount rate applicable to the liability, which was determined to be 2.6% (2019 2.6%).

27 Equity

27.1 Issued Share Capital

As at December 31, 2020, the share capital of the Company is CHF 135,418,036.25 (2019: CHF 135,418,036.25) and is divided into 108,334,429 (2019: 108,334,429) fully paid-in registered shares with a nominal value of CHF 1.25 each. Each share has the right to one vote.

On July 30, 2019, the Company issued 1,189,085 shares with a nominal value of CHF 1.25 from the authorized share capital.

27.2 Conditional Share Capital.

As at December 31, 2020, the Company has conditional share capital which allows an increase in the aggregate maximum amount of CHF 30,324,153.75 or 24,259,323 shares (2019: CHF 30,324,153.75 or 24,259,323 shares). The conditional share capital includes an amount of up to CHF 7,581,038.75 or 6,064,831 shares (2019: CHF 7,581,038.75 or 6,064,831 shares) which are reserved for employee equity participation plans and an amount of up to CHF 22,743,115.00 or 18,194,492 shares (2019: CHF 22,743,115.00 or 18,194,492 shares) which are reserved for conversion and/or option rights granted in connection with other financing instruments.

27.3 Authorized Share Capital

The Company had authorized share capital of CHF 28,837,797.50 (2019: CHF 28,837,797.50), authorizing the Board to issue up to 23,070,238 (2019: 23,070,238) fully paid-in registered shares with a nominal value of CHF 1.25 (2019: CHF 1.25) per share by no later than February 27, 2020.

27.4 Treasury Shares

At December 31, 2020, there are 2,028,197 (2019: 2,028,197) treasury shares determined as being held by the Group for the purposes of its IFRS reporting.

27.5 Dividend

No dividends were distributed in 2020.

In January 2019, the Company paid a dividend of CHF 0.25 per share to its shareholders. The total amount of the dividend paid was CHF 26,560,000.00. In September 2019, the Company paid a dividend of CHF 0.093 per share to its shareholders. The total amount of the dividend paid was CHF 9,997,064.92. No dividends were distributed on the 839,112 treasury shares held by the Company.

28 Share-based Payments

The following table shows the share-based payment expense recognized in the consolidated income statement due to the Group's share -based payment plans:

in CHF m	2020	2019
Total share-based payments (Note 7)	**(3.6)**	**(76.8)**

There have been no share-based payment grants since the Group became subject to a change of control on April 3, 2019. The change of control triggered a realization event as defined in the Phantom Unit Long Term Incentive Plans (the "Plans") then in place and resulted in a full vesting of all outstanding Phantom Units. Under these Plans a grant of 271,875 Phantom Units had been made in February 2019 and there was a vesting of 271,875 Phantom Units, granted in previous years, on January 1, 2019.

Settlement was by an entitlement to cash, except as follows:

- A number of Senior Managers in the Group agreed to re-invest a portion of their vesting of Phantom Units in shares of gategroup Holding AG. This arrangement, the Investment and Shareholders' Agreement, was for a period of five years with the possibility to extend. The exit scenarios include a put option for the Managers, exercisable on June 1, 2022, at the initial value of their investment, on a Manager's termination of employment and a call option exercisable by the Company under certain defined conditions. Also on a realization event, if this is prior to the put option date, the Managers have the right to sell and the Company has the right to buy at the higher of the initial value of their investment and the share price from a transaction.
- For the remaining participants of the Plans a new "Junior Management Plan" was established for a portion of their vesting of Phantom Units. The Junior Management Plan is a cash-settled share-based payment arrangement with a vesting date of March 31, 2021. There are no performance conditions, but where employment terminates prior to the vesting date, there may be a pro-rata payment to a good leaver. The terms of this plan include a service condition and hence cost is being recognized through the income statement over the service period. The charge for 2020 was CHF 3.6m.

At December 31, 2020 the share-based payments provision amounted to CHF 32.2m (2019: CHF 31.3m) (Note 25), of which CHF 21.7m was related to the Investment and Shareholders' Agreement.

29 Commitments and Contingent Liabilities

29.1 Capital Commitments

At December 31, 2020, capital expenditure for property, plant and equipment contracted for at the balance sheet date but not recognized in the consolidated financial statements amounted to CHF 4.0m (2019: CHF 15.6m).

29.2 Contingent Liabilities

The Group has contingent liabilities arising in the ordinary course of business, principally in respect of legal claims, tax risks, guarantees, customer relationships, pledges, letters of credit and treasury relationships and transactions. It is not anticipated that any material liabilities will arise from such contingent liabilities other than those provided for in Note 25.

30 Business Combinations

30.1 Business Combinations 2020

Acquisition of LSG Europe

The Group purchased 100% of the European operations of LSG Group from Deutsche Lufthansa AG ("Lufthansa") on December 2, 2020.

The transaction comprises LSG's inflight catering operations in Germany, Switzerland, the Netherlands, Belgium, Italy and Spain as well as the global equipment business trading under the SPIRIANT brand. It also includes the European convenience food operations trading under the Evertaste brand, the Ringeltaube retail outlets as well as European train catering and lounge operations.

The initial accounting for the business combination has only been provisionally determined at the end of the reporting period. The necessary market valuations, other calculations and final determination of the respective considerations paid or payable have not been finalized and are therefore based on best estimates. The principal amounts that are provisional are receivables, payables, intangible assets, goodwill and provisions.

The provisional fair values of the assets and liabilities as per the date of acquisition were as follows:

in CHF m	**LSG Europe**
Cash and cash equivalents	234.6
Trade receivables	24.1
Other current receivables and prepayments	31.7
Inventories	70.5
Property, plant and equipment	206.8
Intangible assets	45.1
Investments in associates and joint ventures	2.2
Other non-current receivables	7.7
Short-term debt	(11.7)
Trade and other payables	(126.8)
Current income tax liabilities	(3.6)
Other current liabilities	(40.2)
Long-term debt	(42.2)
Deferred income tax liabilities	(1.2)
Defined benefit plans	(437.0)
Provisions	(143.8)
Other long-term liabilities	(5.1)
Fair value of net assets acquired	**(188.9)**
Goodwill on acquisition	189.1
Non-controlling interests	(0.1)
Total cash consideration transferred	**0.1**
Cash and cash equivalents	234.6
Cash inflow on acquisition	**234.5**

Receivables acquired are stated at fair value. It is expected that all receivables can be collected. The non-controlling interest recognized at the acquisition date was measured at fair value and amounted to CHF 0.1m.

Goodwill related to the acquisition arose because the consideration paid for the combination effectively included amounts in relation to expected synergies, revenue growth, future market development and the assembled workforce of the business acquired. These benefits are not separable from goodwill. None of the goodwill recognized is expected to be deductible for tax purposes.

The inclusion of LSG Europe's operations in the consolidated financial statements from the beginning of the financial year to the initial consolidation on December 2, 2020, would have generated approximately additional revenues of CHF 395.7m and a net loss of CHF 162.4m. From initial recognition to December 31, 2020, the LSG Europe operations contributed revenues of CHF 34.1m and a net loss of CHF 14.3m.

Acquisition-related costs amount to CHF 21.9m and are not included in the consideration transferred. They have been recognized as an expense in "Other operating income and expenses, net" in the consolidated income statement.

As part of the acquisition, short-term financing facilities provided by the previous owner to the European LSG operations in the amount of CHF 86.6m were replaced by the Group. The cash outflow for these loan replacements is presented under "Repayments of debt" in the Consolidated Cash Flow Statement.

30.2 Business Combinations 2019

The Group did not make any acquisitions during 2019.

Accounting for Previous Business Combinations
In 2019, the accounting for the business combination in 2018 was finalized. No changes to the provisional amounts occurred.

Considerations for Previous Business Combinations
Considerations were paid or received in 2019 in the amount of:
- CHF (0.4)m (2018: CHF 2.9m) in relation to the acquisition of SCK Services GmbH in 2018.
- CHF 1.2m (2018: nil) in relation to the acquisition of Airfood S.r.l. in 2016.
- CHF 0.1m (2018: nil) in relation to the acquisition of Cambodia Air Catering Services Ltd. in 2016.

31 Disposal of Subsidiaries

31.1 Disposals 2020

The Group:
- disposed of its 100% shareholding in Gate Gourmet Pakistan (Private) Ltd. The consideration amounted to CHF 0.0m, whereas the net assets disposed of were CHF 0.1m, including cash and cash equivalents of CHF 0.0m. The net loss of CHF (2.5)m has been recognized in the income statement and is included in "Other gains and losses, net" (Note 9).
- disposed of its 100% shareholdings in Gate Gourmet India Private Ltd., Skygourmet Catering Private Ltd. and New India Glass Works (Calcutta) Pvt Ltd. (India). The transaction included a payment of CHF 2.5m to the purchaser, whereas the net assets disposed of were CHF 8.9m, including cash and cash equivalents of CHF 1.1m. The net loss of CHF (26.4)m has been recognized in the income statement and is included in "Other gains and losses, net" (Note 9).

in CHF m	GG Pakistan	India	Total
Cash and cash equivalents	–	1.1	1.1
Trade receivables	–	7.3	7.3
Other current receivables and prepayments	0.2	1.9	2.1
Inventories	–	0.1	0.1
Assets held for sale	–	2.5	2.5
Long-term receivables	–	3.5	3.5
Property, plant and equipment	0.2	8.4	8.6
Trade payables	–	(1.7)	(1.7)
Other current liabilities	(0.1)	(7.1)	(7.2)
Long-term provisions	–	(0.5)	(0.5)
Defined benefit plans	–	(1.0)	(1.0)
Other long term-liabilities	(0.2)	(5.6)	(5.8)
Net assets disposed	**0.1**	**8.9**	**9.0**
Consideration paid	–	(2.5)	(2.5)
Net assets disposed	(0.1)	(8.9)	(9.0)
Currency translation loss reclassified	(2.4)	(15.0)	(17.4)
Loss from disposal of subsidiary	**(2.5)**	**(26.4)**	**(28.9)**
Cashflow:			
Consideration paid in cash and cash equivalents	–	(2.5)	(2.5)
Cash and cash equivalents disposed	–	(1.1)	(1.1)
Net cash outflow from disposal of subsidiary	**–**	**(3.6)**	**(3.6)**

31.2 Disposals 2019

The Group disposed of four shares in Dutyfly Solutions ("Dutyfly") in June 2019, which resulted in a loss of control of Dutyfly. The consideration received was CHF 0.0m, whereas the net assets disposed of were CHF (0.2)m, including cash and cash equivalents of CHF 0.2m. The net gain of CHF 0.2m, which includes non-material currency translation gains, has been recognized in the income statement and is included in "Other gains and losses, net" (Note 9).

in CHF m	**Dutyfly**
Cash and cash equivalents	0.2
Trade receivables	1.7
Other current receivables and prepayments	4.0
Inventories	8.7
Property, plant and equipment	0.2
Intangible assets	1.7
Deferred tax assets	0.3
Trade payables	(8.8)
Other current liabilities	(6.6)
Long-term provisions	(1.8)
Defined benefit plans	–
Other long-term liabilities	(0.1)
Non-controlling interests disposed	0.3
Net assets disposed	**(0.2)**
Consideration received	–
Net assets disposed	0.2
Gain from disposal of subsidiary	**0.2**
Cashflow:	
Consideration received in cash and cash equivalents	–
Cash and cash equivalents disposed	(0.2)
Net cash outflow from disposal of subsidiary	**(0.2)**

32 Related Party Transactions

32.1 Key Management Personnel

The key management personnel are defined as the Board and the EMB. Key management compensation consists of:

in CHF m	**2020**	**2019**
Short-term benefits	4.8	12.5
Post-employment benefits	0.6	0.6
Share-based payments	–	46.5
Total key management compensation	**5.4**	**59.6**

32.2 Associated Companies and Joint Ventures

in CHF m	**2020**	**2019**
Revenue		
To associates	0.4	1.9
To joint ventures	0.4	1.7
Management services provided		
To associates	0.5	1.0
To joint ventures	0.7	1.3
Purchase of goods		
From associates	(0.9)	(4.9)
From joint ventures	(1.8)	(3.1)
Financial asset impairment	(3.4)	–

Trade and other receivables		
From associates	5.9	3.2
From joint ventures	5.2	8.3
Provision for impairment of receivables	(4.8)	(2.0)
Trade and other current payables (Note 24)		
To associates	(0.2)	(0.6)
To joint ventures	(0.2)	(0.6)

Management services include certain administrative activities that the Group performed for associated companies and joint ventures. The respective charges reflect an appropriate allocation of cost incurred.

32.3 Parent

On April 3, 2019, RRJ Capital, an investment firm based in Hong Kong and Singapore, completed the acquisition of all outstanding shares in the Company through its subsidiary Saffron Asset Holding Limited, Hong Kong, and became the sole shareholder of the Group. On September 26, 2019, Temasek, a state-owned investment company based in Singapore, executed its mandatory exchangeable bond and acquired 50% of the shares ultimately owned by RRJ Capital.

As at December 31, 2020, 98.9% of the shares outstanding of the Company are held by Saffron Asset Holding Limited, Hong Kong, which is owned by RRJ Capital Master Fund III, Cayman Islands and Temasek Holdings (Private) Limited, Singapore. The remaining shares are held by Senior Management.

The Company entered into a secured CHF 200.0m Interim Liquidity Facility in November 2020, with repayment being due on May 25, 2021. The lenders under the Interim Liquidity Facility are owned by the ultimate shareholders of the Group, RRJ and Temasek. CHF 60.3m of this facility had been drawn as of December 31, 2020. No trade and other receivables from the parent companies have been identified. For the period from the acquisition date to the balance sheet date no material sale or purchase of goods between the Company and its parent companies have been identified.

32.4 Other Related Parties

in CHF m	**2020**	**2019**
Revenue	9.8	60.3
Trade and other receivables	0.4	4.0

The Group provides catering services to RRJ Capital and Temasek subsidiaries in the airline sector. In general, the Group does not receive any services or goods from RRJ Capital, Temasek or their subsidiaries. No guarantees have been received.

33 Group Companies

The principal subsidiaries of the Company as of December 31, 2020, were the following:

Country	**Company**	**Equity interest (in %)**[1]	**Currency**	**Share capital**
Argentina	Gate Gourmet Argentina S.r.L., Buenos Aires	100	ARS	5,750,000
Australia	Gate Gourmet Cairns Pty Ltd, Mascot, NSW	100	AUD	3,104,002
	Gate Gourmet (Holdings) Pty Ltd, Mascot, NSW	100	AUD	39,299,111
	Gate Gourmet Rail Pty Ltd, Mascot, NSW	100	AUD	2
	Gate Gourmet Services Pty Ltd, Mascot, NSW	100	AUD	44,330,100
	Pourshins Australia Pty Ltd, Alexandria, NSW	100	AUD	2
Belgium	deSter BVBA, Hoogstraten	100	EUR	22,600,000
Bolivia	Gate Gourmet Catering Bolivia S.A., Cochabamba	51	BOB	22,000
Brazil	Gate Gourmet Ltda, São Paulo	100	BRL	107,331,839
Burkina Faso	Servair Burkina Faso, Ouagadougou	87	XOF	10,000,000
Cambodia	Cambodia Air Catering Services Ltd, Phnom Penh	75	USD	500,000
Canada	Gate Gourmet Canada Inc., Toronto	100	CAD	17,500,000
	Pourshins Canada Inc., Toronto	100	CAD	300,000

Chile	Gate Gourmet Catering Chile Ltda, Santiago	100	CLP	1,968,062,000
China	deSter Aviation & Hospitality Products Co. Ltd, Shanghai	100	CNY	4,738,239
	Gate Gourmet Hong Kong Ltd, Hong Kong	100	HKD	281,657,350
	gategroup Trading Hong Kong Ltd, Hong Kong	100	USD	162
Colombia	Gate Gourmet Colombia S.A.S, Bogotá	75	COP	831,229,870
D.R. Congo	Fondeg Catering Congo, Kinshasa	33	CDF	93,000,000
Denmark	Gate Gourmet Denmark ApS, Tårnby	100	DKK	401,200
	Gate Gourmet Northern Europe ApS, Tårnby	100	DKK	52,401,000
Ecuador	Gate Gourmet del Ecuador Cia Ltda, Quito	60	USD	2,278,400
France	ACNA, Le Mesnil-Amelot	100	EUR	37,500
	Alphair SAS, Tremblay-en-France	100	EUR	5,000
	Gate Gourmet Aéroport de Bâle–Mulhouse SAS, St. Louis	100	EUR	337,000
	Lyon Air Traiteur, Colombier-Saugnieu	100	EUR	455,000
	Martinique Catering, Le Lamentin	98	EUR	50,000
	Orly Air Traiteur, Wissous	98	EUR	250,000
	Panima, Mamoudzou	100	EUR	500,000
	Paris Air Catering (PAC), Tremblay-en-France	100	EUR	1,743,750
	Passerelle CDG, Tremblay-en-France	51	EUR	40,000
	Servair Investissements Aeroportuaires (SIA), Tremblay-en-France	100	EUR	25,000,000
	Servair Retail Fort de France, Le Lamentin	86	EUR	55,510
	Servair SA, Tremblay-en-France	100	EUR	52,386,208
	Sheltair, Tremblay-en-France	50	EUR	40,000
	SIA Ocean Indien, Tremblay-en-France	100	EUR	4,416,000
	Société de Restauration Industrielle (SORI), Les Abymes	50	EUR	50,000
	Société Guyanaise de Restauration Industrielle (SOGRI), Matoury	97	EUR	225,000
	Svrls@La Reunion, Sainte Marie	50	EUR	150,000
Gabon	Servair Gabon, Libreville	55	XAF	250,000,000
Germany	Evertaste GmbH, Alzey	100	EUR	26,000
	Gate Gourmet GmbH Deutschland, Neu-Isenburg	100	EUR	7,670,000
	Gate Gourmet GmbH Holding Deutschland, Neu-Isenburg	100	EUR	51,129
	Gate Gourmet GmbH Ost, Neu-Isenburg	100	EUR	26,000
	LSG Food and Nonfood Handel GmbH, Neu-Isenburg	100	EUR	512,000
	LSG Sky Chefs Lounge GmbH, Neu-Isenburg	100	EUR	25,000
	LSG Sky Chefs Objekt- und Verwaltungsgesellschaft mbH, Neu-Isenburg	100	EUR	25,000
	Spiriant GmbH, Neu-Isenburg	100	EUR	1,023,000
Ghana	Servair Ghana, Accra	57	GHS	2,109,000
Ireland	Gate Gourmet Ireland Ltd, Dublin	100	EUR	4,500,000
Italy	Air Food S.r.L., Milan	75	EUR	400,000
	Gate Gourmet Italia S.r.L., Milan	51	EUR	4,795,937
	LSG Sky Chefs S.p.A, Fiumicino	100	EUR	2,317,636
Ivory Coast	Servair Abidjan, Abidjan	80	XOF	1,364,000,000
	SIA Restauration Rapide Côte d'Ivoire, Abidjan	100	XOF	1,748,300,000
Japan	Gate Gourmet Japan YK, Chiba-ken	100	JPY	80,000,000
Kazakhstan	Gate Gourmet Central Asia LLP, Astana	51	KZT	271,975,720
Kenya	NAS Airport Services Ltd, Nairobi	59	KES	16,000,000
	SIA Kenya Holding Ltd, Nairobi	59	KES	1,215,000,000
Luxembourg	Gate Gourmet Luxembourg IV S.à r.l., Luxembourg	100	EUR	2,707,500
	gategroup Finance (Luxembourg) S.A., Luxembourg	100	EUR	31,000
	gategroup Financial Services S.à r.l., Luxembourg	100	EUR	42,783,100
	Supply Chain S.à r.l., Contern	100	EUR	12,500
Macau	Macau Catering Services Co Ltd, Taipa	17	MOP	16,000,000
Mexico	Gate Gourmet & MAASA Mexico S.A.P.I. de C.V., Mexico City	51	MXN	12,166,000
	Gate Retail Onboard Mexico S.A.P.I. de C.V., Mexico City	100	MXN	6,100,000
	Prestadora de Servicios Gate Gourmet & MAASA Mexico S.A.P.I. de C.V., Mexico City	51	MXN	50,000
Netherlands	deSter Holding B.V., Amsterdam	100	EUR	3,359,990
	Gate Gourmet Amsterdam B.V., Schiphol	100	EUR	2,291,590
	Gate Gourmet Holding Netherlands B.V., Schiphol	100	EUR	9,792,135
	Helios Market, Product & Production Development B.V., Amsterdam	100	EUR	1,117,294
New Zealand	Gate Gourmet New Zealand Ltd, Auckland	100	NZD	4,000,100

Norway	Gate Gourmet Norway AS, Oslo	100	NOK	9,002,811
Peru	Gate Gourmet Peru S.r.L., Lima	100	PEN	1,599,558
Senegal	Dakar Catering, Dakar	65	XOF	750,000,000
Seychelles	Skychef Ltd, Mahé	55	SCR	313,000
Singapore	Gate Gourmet Singapore Pte Ltd, Singapore	100	SGD	19,602,977
	gategroup Investments Singapore Pte Ltd, Singapore	100	USD	144,778,348
South Korea	Gate Gourmet Korea Co. Ltd, Incheon	60	KRW	133,330,000,000
Spain	Gate Gourmet Spain S.L., Madrid	100	EUR	3,005,061
	Gate Gourmet Holding España S.L., Madrid	100	EUR	798,260
Sweden	Gate Gourmet Sweden AB, Stockholm	100	SEK	100,000
	Inflight Service Europe AB, Stockholm	100	SEK	1,000,000
	Inflight Service Global AB, Stockholm	100	SEK	100,000
Switzerland	Gate Gourmet Switzerland GmbH, Kloten	100	CHF	2,000,000
Thailand	deSter Co. Ltd, Prachinburi	100	THB	135,000,000
United Arab Emirates	deSter General Trading FZE, Dubai	100	AED	1,000,000
United Kingdom	Fernley (Heathrow) Ltd, Middlesex	100	GBP	85,100
	Gate Gourmet Holdings UK Ltd, Middlesex	100	GBP	96,230,003
	Gate Gourmet London Ltd, Middlesex	100	GBP	20,000,002
	Pourshins Ltd, Middlesex	100	GBP	854,350
	Supplair UK Ltd, Middlesex	100	GBP	3
United States of America	deSter Corporation, Atlanta, GA	100	USD	2,000
	Gate Gourmet Inc., Wilmington, DE	100	USD	1,000
	Gate Serve llc, Wilmington, DE	100	USD	1
	gategroup U.S. Finance Inc., Wilmington, DE	100	USD	1,000
	gategroup U.S. Holding Inc., Wilmington, DE	100	USD	1
	gateretail North America Inc., Reston, VA	100	USD	1
	Pourshins Inc., Reston, VA	100	USD	1,000

(1) Rounded to the nearest whole number

34 Post Balance Sheet Events

The Group's financial restructuring plan became effective on March 29, 2021. This followed approval of the English law restructuring plan under Part 26A of the United Kingdom's Companies Act 2006. Under this plan the Group's shareholders will make CHF 500m (being an aggregate of CHF 475m under the New Money Facility Agreement dated March 19, 2021, (the "NMFA") and CHF 25m of equity subscription) available to the business, although in part this will be to replace the Interim Liquidity Facility. The existing financing under the Senior Facilities Agreement, being the Term Loan and Revolving Credit Facility, have had their maturities extended until October 20, 2026, and the Bonds have an extended maturity of February 28, 2027. The NMFA has an interest rate of 12.5% and is guaranteed by the same group of guarantors as the Senior Facilities Agreement. The NMFA will rank in subordination to the Senior Facilities Agreement and the Bonds.

On March 30, 2021 an amendment was signed to the shareholders agreement for Servair SA. Air France will now receive payment for an additional 15.0% of Servair SA, together with an interest payment, on May 31, 2021. A further 15.0% will be settled, subject to certain conditions, on December 30, 2022. The Group will then not pay for the final 20.0% of Servair SA until December 29, 2023, at the earliest.

As at April 14, 2021, the date of approval of these consolidated financial statements by the Board, the Group has no other significant subsequent events that warrant disclosure.

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To the General Meeting of
gategroup Holding AG, Opfikon

Zurich, April 14, 2021

Statutory auditor's report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of gategroup Holding AG and its subsidiaries (the Group), which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet as at December 31, 2020, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 56 to 103) give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the *International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Recoverability of trade receivables

Risk	Trade receivables represent 4% of the Group's total assets as at December 31, 2020. When assessing the recoverability of trade receivables, judgment is applied to the ability to collect. Due to the significance of the carrying values for trade receivables and the judgment involved, this matter is considered significant to our audit. Refer to Notes 2.9 and 13 to the consolidated financial statements for the Group's disclosure on trade receivables.
Our audit response	We assessed the Group's internal controls over its significant trade receivables processes. Our substantive audit procedures included an analysis of trade receivables based on their aging, also considering COVID-19 and industry related implications including those related to expected credit losses. Furthermore, we reviewed subsequent cash receipts and performed data analytics, such as correlation and relationship analysis between revenue, trade receivables and cash receipts as well as a review of credit notes and potential reversals. In addition, we performed inquiries of key personnel regarding trade receivable valuation. Our audit procedures did not lead to any reservations concerning recoverability of trade receivables.

Valuation of goodwill and indefinite life intellectual property

Risk	Goodwill and intellectual property represent 27% of the Group's total assets as at December 31, 2020. As stated in Note 2.16 to the consolidated financial statements, the carrying value of goodwill and indefinite life intellectual property is tested at least annually for impairment. The Group's annual impairment test determined an impairment on CGU SEA of CHF 86m and an impairment on CGU LATAM of CHF 14m. Key assumptions concerning the impairment test are disclosed in Note 18 to the consolidated financial statements. In determining the fair value of Cash Generating Units as defined by Management, the Group must apply judgment in estimating – amongst other factors – cash flow projections based on the financial plan as well as the discount rate. Due to the significance of the carrying values for goodwill and indefinite life intellectual property and the judgment involved in performing the impairment tests, this matter was considered significant to our audit.
Our audit response	We assessed the design of the Group's internal controls over its annual impairment tests and key assumptions applied and evaluated Management's definition of Cash Generating Units. We involved valuation specialists to assist in examining the Group's valuation model and analyzing the underlying key assumptions, including long-term growth and discount rates. We assessed future revenues and margins, the historical accuracy of the Group's financial plans and considered its

ability to produce accurate long-term forecasts. We evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information, including expected inflation rates and market growth. Our audit procedures did not lead to any reservations concerning the valuation of goodwill and indefinite life intellectual property.

Fair value measurement of assets acquired and liabilities assumed in a business combination

Risk	Significant judgment is involved when applying the acquisition method of accounting for newly acquired businesses. This includes judgment to identify assets acquired and liabilities assumed, separately from goodwill. In determining the fair values, the Group applies judgment in estimating – amongst other factors – future revenues and margins, long-term growth and discount rates. Due to the size of the acquisition in the current year, this matter is considered significant to our audit. Refer to Note 30 to the consolidated financial statements for the Group's disclosure on business combinations.
Our audit response	We assessed the acquisition accounting documentation prepared by the Group as well as relevant key information, including relevant contractual language, to gain an understanding of the transaction. We obtained audit evidence and performed adequate substantive audit procedures related to goodwill, identifiable assets acquired and liabilities assumed and non-controlling interests in the acquiree. In addition, we audited, with the involvement of internal valuation specialists, the external valuation report including the valuation model applied and key assumptions taken, including discount rates. Our audit procedures did not lead to any reservations concerning acquisition accounting.

Financial restructuring

Risk	The Group executed a comprehensive financial restructuring plan which represents a significant disclosure in the 2020 consolidated financial statements. It became effective on March 29, 2021 and followed approval of the English law restructuring plan under Part 26A of the United Kingdom's Companies Act 2006. Under this plan the Group's shareholders will make CHF 500m available to the business, in part this will be to replace the Interim Liquidity Facility. The existing financing under the Senior Facilities Agreement (Term Loan and Revolving Credit Facility), have had their maturities extended until October 20, 2026, and the CHF 350m 3.0% bonds due 2022 have a revised maturity of February 28, 2027. Refer to Notes 2.1 and 34 to the consolidated financial statements for further details. The financial restructuring plan included a number of comprehensive agreements with different parties involved, and under various jurisdictions. Due to the significance of the financial restructuring and the complexity involved in assessing underlying legal documentation, this matter was considered significant to our audit.

Our audit response	We reviewed the Group's documentation as well as relevant agreements, judgements and external expert opinions to gain an understanding of the financial restructuring. We assessed, with the involvement of internal legal specialists, the legal language of key documents and the conclusions reached. Furthermore, where relevant, we assessed Management's external experts in terms of their expertise and the conclusions reached. Our audit procedures did not lead to any reservations concerning the financial restructuring.

Other information in the annual report
The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor’s report.

Report on other legal and regulatory requirements
In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Simon Zogg
Licensed audit expert
(Auditor in charge)

Christian Schibler
Licensed audit expert

GATEGROUP HOLDING AG

Financial Report 2020

Financial Statements of gategroup Holding AG

Income Statement of gategroup Holding AG

in 1,000 CHF	**2020**	**2019**
Personnel expenses	(591)	(709)
Operating expenses	(8,424)	(6,911)
Total operating expenses	**(9,015)**	**(7,620)**
Operating loss	**(9,015)**	**(7,620)**
Financial income:		
Dividend income	–	836
Other financial income	–	1
Financial expenses	(2,025)	(809)
Loss before tax	**(11,040)**	**(7,592)**
Direct taxes	–	–
Loss for the year	**(11,040)**	**(7,592)**

Balance Sheet of gategroup Holding AG

in 1,000 CHF	Notes	December 31, 2020	December 31, 2019
Current assets			
Cash and cash equivalents		1	2
Other current receivables		205	81
Other current receivables from subsidiaries		54,546	–
Total current assets		**54,752**	**83**
Non-current assets			
Investments in subsidiaries		600,039	600,039
Total non-current assets		**600,039**	**600,039**
Total assets		**654,791**	**600,122**
Current liabilities			
Current interest-bearing liabilities to related parties		60,401	–
Other current payables to subsidiaries		5,459	8,771
Other current payables		331	151
Accruals		515	75
Total current liabilities		**66,706**	**8,997**
Non-current liabilities			
Non-current interest-bearing liabilities to subsidiaries		44,560	36,560
Total non-current liabilities		**44,560**	**36,560**
Total liabilities		**111,266**	**45,557**
Share capital		135,418	135,418
Legal capital reserves:			
Reserve from capital contributions		570,835	570,835
Legal retained earnings:			
General reserve		11,766	11,766
Voluntary retained earnings:			
Earnings brought forward		(153,627)	(146,035)
Loss for the year		(11,040)	(7,592)
Treasury shares	*2.3*	(9,827)	(9,827)
Total shareholders' equity		**543,525**	**554,565**
Total liabilities and shareholders' equity		**654,791**	**600,122**

Notes to the Financial Statements of gategroup Holding AG

1 General Information

The financial statements of gategroup Holding AG, Opfikon (the "Company"), are prepared in accordance with the provisions on accounting and financial reporting (Art. 957 to Art. 963b) of the Swiss Code of Obligations ("CO").

2 Disclosures Required by Swiss Company Law

2.1 Accounting Policies

Valuation Principles
Financial assets, including investments and non-current loans to subsidiaries, are recognized at cost less appropriate write downs. Investments are in general subject to individual valuation.

Treasury Shares
Own shares (treasury shares) are recognized at cost. Any gains or losses upon disposal are recognized through profit and loss. Own shares directly held by the company are deducted from equity. A reserve for treasury shares is recognized for own shares held by subsidiaries.

Going Concern
These financial statements have been prepared on a going concern basis.

The financial restructuring became effective on March 29, 2021. This followed approval by the High Court of Justice, Business and Property Courts of England and Wales, of the English law restructuring plan under Part 26A of the United Kingdom's Companies Act 2006. Obtaining this approval had been a key element in the financial restructuring plan (the "Plan").

The Court's order approving the Plan has been delivered to the UK Companies Registry, with the consequence that all parties to the Plan are committed to it. Under the Plan the Company's shareholders will make CHF 500m available to the business, although in part this will be to replace the Interim Liquidity Facility. The existing financing under the Senior Facilities Agreement (the "SFA"), being the EUR 250m Term Loan and EUR 415m Revolving Credit Facility, have had their maturities extended until October 20, 2026, and the CHF 350m 3.0% bonds due 2022 (the "Bonds") have a revised maturity of February 28, 2027.

2.2 Significant Investments

Company name	Domicile	Currency	Share capital (local currency)	Ownership in % Dec 31, 2020	Ownership in % Dec 31, 2019
Direct investments					
gategroup Finance (Luxembourg) S.A., Luxembourg	Luxembourg	EUR	31,000	100.00%	100.00%
gategroup Financial Services S.à r.l., Luxembourg	Luxembourg	EUR	42,783,100	100.00%	100.00%
gategroup Guarantee Ltd, London	UK	CHF	1	100.00%	–
gategroup Investments Singapore Pte Ltd, Singapore	Singapore	USD	144,778,348	100.00%	100.00%
Substantial indirect investments					
Gate Gourmet Argentina S.r.L., Buenos Aires	Argentina	ARS	5,750,000	100.00%	100.00%
Gate Gourmet Cairns Pty Ltd, Mascot, NSW	Australia	AUD	3,104,002	100.00%	100.00%
Gate Gourmet (Holdings) Pty Ltd, Mascot, NSW	Australia	AUD	39,299,111	100.00%	100.00%
Gate Gourmet Rail Pty Ltd, Mascot, NSW	Australia	AUD	2	100.00%	100.00%
Gate Gourmet Services Pty Ltd, Mascot, NSW	Australia	AUD	44,330,100	100.00%	100.00%
Pourshins Australia Pty Ltd, Alexandria, NSW	Australia	AUD	2	100.00%	100.00%
deSter BVBA, Hoogstraten	Belgium	EUR	22,600,000	100.00%	100.00%
Gate Gourmet Catering Bolivia S.A., Cochabamba	Bolivia	BOB	22,000	51.00%	51.00%
Gate Gourmet Ltda, São Paulo	Brazil	BRL	107,331,839	100.00%	100.00%
Servair Burkina Faso, Ouagadougou	Burkina Faso	XOF	10,000,000	43.55%	43.55%
Cambodia Air Catering Services Ltd, Phnom Penh	Cambodia	USD	500,000	75.00%	75.00%
Gate Gourmet Canada Inc., Toronto	Canada	CAD	17,500,000	100.00%	100.00%
Pourshins Canada Inc., Toronto	Canada	CAD	300,000	100.00%	100.00%
Gate Gourmet Catering Chile Ltda, Santiago	Chile	CLP	1,968,062,000	100.00%	100.00%
deSter Aviation & Hospitality Products Co. Ltd, Shanghai	China	CNY	4,738,239	100.00%	100.00%
Gate Gourmet Hong Kong Ltd, Hong Kong	China	HKD	281,657,350	100.00%	100.00%
gategroup Trading Hong Kong Ltd, Hong Kong	China	USD	162	100.00%	100.00%
Gate Gourmet Colombia S.A.S, Bogotá	Colombia	COP	831,229,870	75.00%	75.00%
Fondeg Catering Congo, Kinshasa	D.R. Congo	CDF	93,000,000	16.57%	16.57%
Gate Gourmet Denmark ApS, Tårnby	Denmark	DKK	401,200	100.00%	100.00%
Gate Gourmet Northern Europe ApS, Tårnby	Denmark	DKK	52,401,000	100.00%	100.00%
Gate Gourmet del Ecuador Cia Ltda, Quito	Ecuador	USD	2,278,400	60.00%	60.00%
ACNA, Le Mesnil-Amelot	France	EUR	37,500	50.00%	50.00%
Alphair SAS, Tremblay-en-France	France	EUR	5,000	50.00%	50.00%
Gate Gourmet Aéroport de Bâle–Mulhouse SAS, St. Louis	France	EUR	337,000	100.00%	100.00%
Lyon Air Traiteur, Colombier-Saugnieu	France	EUR	455,000	50.00%	50.00%
Martinique Catering, Le Lamentin	France	EUR	50,000	49.00%	49.00%
Orly Air Traiteur, Wissous	France	EUR	250,000	49.16%	49.16%
Panima, Mamoudzou	France	EUR	500,000	25.50%	25.50%
Paris Air Catering (PAC), Tremblay-en-France	France	EUR	1,743,750	50.00%	50.00%
Passerelle CDG, Tremblay-en-France	France	EUR	40,000	25.50%	25.50%
Servair Investissements Aeroportuaires (SIA), Tremblay-en-France	France	EUR	25,000,000	50.00%	50.00%
Servair Retail Fort de France, Le Lamentin	France	EUR	55,510	42.50%	42.50%
Servair SA, Tremblay-en-France	France	EUR	52,386,208	50.00%	50.00%
Sheltair, Tremblay-en-France	France	EUR	40,000	25.00%	25.00%
SIA Ocean Indien, Tremblay-en-France	France	EUR	4,416,000	25.50%	25.50%
Société de Restauration Industrielle (SORI), Les Abymes	France	EUR	50,000	25.02%	25.02%
Société Guyanaise de Restauration Industrielle (SOGRI), Matoury	France	EUR	225,000	48.50%	48.50%
Svrls@La Reunion, Sainte Marie	France	EUR	150,000	25.10%	25.10%
Servair Gabon, Libreville	Gabon	XAF	250,000,000	27.50%	27.50%
Evertaste GmbH, Alzey	Germany	EUR	26,000	100.00%	–
Gate Gourmet GmbH Deutschland, Neu-Isenburg	Germany	EUR	7,670,000	100.00%	100.00%

Gate Gourmet GmbH Holding Deutschland, Neu-Isenburg	Germany	EUR	51,129	100.00%	100.00%
Gate Gourmet GmbH Ost, Neu-Isenburg	Germany	EUR	26,000	100.00%	100.00%
LSG Food and Nonfood Handel GmbH, Neu-Isenburg	Germany	EUR	512,000	100.00%	–
LSG Sky Chefs Lounge GmbH, Neu-Isenburg	Germany	EUR	25,000	100.00%	–
LSG Sky Chefs Objekt- und Verwaltungsgesellschaft mbH, Neu-Isenburg	Germany	EUR	25,000	100.00%	–
Spiriant GmbH, Neu-Isenburg	Germany	EUR	1,023,000	100.00%	–
Servair Ghana, Accra	Ghana	GHS	2,109,000	28.50%	28.50%
Gate Gourmet Ireland Ltd, Dublin	Ireland	EUR	4,500,000	100.00%	100.00%
Air Food S.r.L., Milan	Italy	EUR	400,000	75.01%	75.01%
Gate Gourmet Italia S.r.L., Milan	Italy	EUR	4,795,937	51.00%	51.00%
LSG Sky Chefs S.p.A, Fiumicino	Italy	EUR	2,317,636	100.00%	–
Servair Abidjan, Abidjan	Ivory Coast	XOF	1,364,000,000	40.00%	40.00%
SIA Restauration Rapide Côte d'Ivoire, Abidjan	Ivory Coast	XOF	1,748,300,000	50.00%	50.00%
Gate Gourmet Japan YK, Chiba-ken	Japan	JPY	80,000,000	100.00%	100.00%
Gate Gourmet Central Asia LLP, Astana	Kazakhstan	KZT	271,975,720	51.00%	51.00%
NAS Airport Services Ltd, Nairobi	Kenya	KES	16,000,000	29.50%	29.50%
SIA Kenya Holding Ltd, Nairobi	Kenya	KES	1,215,000,000	29.50%	29.50%
Gate Gourmet Luxembourg IV S.à r.l., Luxembourg	Luxembourg	EUR	2,707,500	100.00%	100.00%
Supply Chain S.à r.l., Contern	Luxembourg	EUR	12,500	100.00%	–
Macau Catering Services Co Ltd, Taipa	Macau	MOP	16,000,000	8.67%	8.67%
Gate Gourmet & MAASA Mexico S.A.P.I. de C.V., Mexico City	Mexico	MXN	12,166,000	51.00%	51.00%
Gate Retail Onboard Mexico S.A.P.I. de C.V., Mexico City	Mexico	MXN	6,100,000	75.46%	75.46%
Prestadora de Servicios Gate Gourmet & MAASA Mexico S.A.P.I. de C.V., Mexico City	Mexico	MXN	50,000	51.00%	51.00%
deSter Holding B.V., Amsterdam	Netherlands	EUR	3,359,990	100.00%	100.00%
Gate Gourmet Amsterdam B.V., Schiphol	Netherlands	EUR	2,291,590	100.00%	100.00%
Gate Gourmet Holding Netherlands B.V., Schiphol	Netherlands	EUR	9,792,135	100.00%	100.00%
Helios Market, Product & Production Development B.V., Amsterdam	Netherlands	EUR	1,117,294	100.00%	100.00%
Gate Gourmet New Zealand Ltd, Auckland	New Zealand	NZD	4,000,100	100.00%	100.00%
Gate Gourmet Norway AS, Oslo	Norway	NOK	9,002,811	100.00%	100.00%
Gate Gourmet Peru S.r.L., Lima	Peru	PEN	1,599,558	100.00%	100.00%
Dakar Catering, Dakar	Senegal	XOF	750,000,000	32.56%	32.56%
Skychef Ltd, Mahé	Seychelles	SCR	313,000	27.50%	27.50%
Gate Gourmet Singapore Pte Ltd, Singapore	Singapore	SGD	19,602,977	100.00%	100.00%
Gate Gourmet Korea Co. Ltd, Incheon	South Korea	KRW	133,330,000,000	60.00%	60.00%
Gate Gourmet Spain S.L., Madrid	Spain	EUR	3,005,061	100.00%	100.00%
Gate Gourmet Holding España S.L., Madrid	Spain	EUR	798,260	100.00%	100.00%
Gate Gourmet Sweden AB, Stockholm	Sweden	SEK	100,000	100.00%	100.00%
Inflight Service Europe AB, Stockholm	Sweden	SEK	1,000,000	100.00%	100.00%
Inflight Service Global AB, Stockholm	Sweden	SEK	100,000	100.00%	100.00%
Gate Gourmet Switzerland GmbH, Kloten	Switzerland	CHF	2,000,000	100.00%	100.00%
Kulinary Holding AG, Zurich	Switzerland	CHF	100,000	60.00%	–
deSter Co. Ltd, Prachinburi	Thailand	THB	135,000,000	100.00%	100.00%
deSter General Trading FZE, Dubai	UAE	AED	1,000,000	100.00%	100.00%
Fernley (Heathrow) Ltd, Middlesex	UK	GBP	85,100	100.00%	100.00%
Gate Gourmet Holdings UK Ltd, Middlesex	UK	GBP	96,230,003	100.00%	100.00%
Gate Gourmet London Ltd, Middlesex	UK	GBP	20,000,002	100.00%	100.00%
Pourshins Ltd, Middlesex	UK	GBP	854,350	100.00%	100.00%
Supplair UK Ltd, Middlesex	UK	GBP	3	100.00%	100.00%
deSter Corporation, Atlanta, GA	USA	USD	2,000	100.00%	100.00%
Gate Gourmet Inc., Wilmington, DE	USA	USD	1,000	100.00%	100.00%
Gate Serve llc, Wilmington, DE	USA	USD	1	100.00%	100.00%
gategroup U.S. Finance Inc., Wilmington, DE	USA	USD	1,000	100.00%	100.00%
gategroup U.S. Holding Inc., Wilmington, DE	USA	USD	1	100.00%	100.00%
gateretail North America Inc., Reston, VA	USA	USD	1	100.00%	100.00%
Pourshins Inc., Reston, VA	USA	USD	1,000	100.00%	100.00%

2.3 Treasury Shares

Treasury shares held by gategroup Holding AG or by companies in which gategroup Holding AG holds a majority interest:

2020	Number of shares
Balance at January 1, 2020	**839,112**
Balance at December 31, 2020	**839,112**
Number of treasury shares held by gategroup Holding AG	839,112

2019	
Balance at January 1, 2019	**839,112**
Balance at December 31, 2019	**839,112**
Number of treasury shares held by gategroup Holding AG	839,112

2.4 Guarantees and Financing

In relation to the existing financing:

- During February 2017, the Group raised CHF 350.0m through the issuance of a fixed rate five-year senior bond ("Bonds") with a final maturity on February 28, 2022 (Note 2.6). The Bonds, with a coupon of 3% p.a. were issued by gategroup Finance (Luxembourg) S.A. and are guaranteed by its parent company, gategroup Holding AG. The Bonds are listed on the SIX Swiss Exchange.
- On March 26, 2015, the Group entered into a EUR 240.0m multicurrency Revolving Credit Facility Agreement ("RCF Agreement" and the facility itself the "RCF"). On March 16, 2016, the RCF was increased by EUR 110.0m to EUR 350.0m and on November 30, 2018, by an additional EUR 65.0m to EUR 415.0m. As of December 31, 2020, the Group utilized RCF drawings of CHF 453.2m, being EUR 295.0m and SEK 1,244.1m (2019: CHF 212.2m). The RCF matures on October 20, 2021 (Note 2.6).
- The existing five-year EUR 250.0m Term Loan provided under the Term Facility Agreement originally dated 20 October 2015 ("Term Facility Agreement") was extended by one year in December 2018 and matures on October 20, 2021 (Note 2.6).
- The borrowings under the Bonds, the Term Loan and the RCF all rank pari passu. The Term Loan and RCF are guaranteed by gategroup Holding AG and certain other Group companies (the RCF Agreement and the Term Facility Agreement as restated on 30 November 2018 together the "Senior Facilities Agreement").
- The Group entered into a super senior secured CHF 200.0m Interim Liquidity Facility Agreement in November 2020, with repayment of the Interim Liquidity Facility being due on May 25, 2021, and an interest rate of 6.5%. The lenders under the Interim Liquidity Facility are owned by the ultimate shareholders of the Group, RRJ Capital and Temasek. CHF 60.3m of this facility had been drawn as of December 31, 2020.

Further, guarantees issued in favour of third parties amount to CHF 256.4m (2019: CHF 355.2m) thereof none (2019: none) for associates.

As part of the Group's financial restructuring the Company has become party to the following guarantees and arrangements:

- On December 10, 2020, and as part of the Group's financial restructuring, gategroup Guarantee Limited (the "Plan Company"), a wholly owned subsidiary the Company, unilaterally issued a Deed of Contribution and Indemnity (the "Deed Poll") in favour of (i) the Bondholders and Senior Lenders, and (ii) the guarantors and borrowers of the Bonds and the Senior Facilities Agreement (the "Obligors"). The purpose of the Deed Poll was to make the Plan Company jointly liable with the relevant Obligors for all payments under the Bonds and Senior Facilities Agreement (the "Relevant Debt Instruments"), and to indemnify the Obligors for any payments that they became liable to make under the Relevant Debt Instruments. This enabled the Plan Company to propose the financial restructuring plan. Under the Deed Poll, as amended on January 28, 2021, and further amended and restated on February 28, 2021, the Plan Company agreed (i) to pay all amounts due under the Relevant Debt Instruments to the Bondholders and Senior Lenders (respectively), and (ii) when an Obligor becomes obliged to make a payment in respect of a Relevant Debt Instrument, up to 100 per cent. of that amount, when demanded by the Obligor. Demands by the Obligor must be made in accordance with the Contribution Payment Agreement (the "Agreement").
- On January 28, 2021, the Plan Company and certain of the Obligors under the Relevant Debt Instruments entered into the Agreement. Under this Agreement, which was amended and restated on February 23, 2021 to reflect amendments to the Deed Poll, where an Obligor under the Relevant Debt Instruments becomes liable to make a payment, that Obligor (the "Claimant") may demand (a "Demand") that the Plan Company make this payment either (i) to the Claimant (for onwards payment to the Bondholders or Senior Lenders, as applicable), or (ii) to the Bondholders or Senior Lenders (as applicable) for and on behalf of the Claimant. Under the Agreement, where it receives such a demand, the Plan Company may require that (i) in respect of a demand issued in respect of

- payments due under the Bonds, each of the Bond Funding Parties (as defined in the Agreement being gategroup Finance (Luxembourg) S.A.(the "Issuer") and the Company make such payment on behalf of the Plan Company, and (ii) in respect of a demand issued in respect of payments due under the Senior Facilities Agreement, each of the Senior Facilities Funding Parties (as defined in the Agreement being the borrowers and guarantors under the Senior Facilities Agreement) make such payment on its behalf.
- On March 10, 2021, the Issuer and gategroup Financial Services S.a r.l (the "SFA Borrower") issued a letter to the Plan Company relating to the Deed Poll and Agreement. Under this letter, the Issuer and the SFA Borrower undertook to issue a Demand to the Plan Company whenever they became subject to a payment obligation under the Relevant Debt Instruments. The commitment from the Issuer and the Plan Company under a side letter ensures that the there is a contingent right to call upon others to make payments whenever there is a payment obligation under the Relevant Debt Instruments.

2.5 Employees

In 2020, the Company employed on average 6 employees (2019: 6).

2.6 Post Balance Sheet Events

The Group's financial restructuring plan became effective on March 29, 2021. This followed approval of the English law restructuring plan under Part 26A of the United Kingdom's Companies Act 2006. Under this plan the Group's shareholders will make CHF 500m (being an aggregate of CHF 475m under the New Money Facility Agreement dated March 19, 2021, (the "NMFA") and CHF 25m of equity subscription) available to the business, although in part this will be to replace the Interim Liquidity Facility. The existing financing under the Senior Facilities Agreement, being the Term Loan and Revolving Credit Facility, have had their maturities extended until October 20, 2026, and the Bonds have an extended maturity of February 28, 2027. The NMFA has an interest rate of 12.5% and is guaranteed by the same group of guarantors as the Senior Facilities Agreement. The NMFA will rank in subordination to the Senior Facilities Agreement and the Bonds.

As at April 14, 2021, the date of approval of these financial statements by the Board, the Group has no other significant subsequent events that warrant disclosure.

Appropriation of Available Earnings and Reserve from Capital Contributions

Proposal of the Board of Directors to the Annual General Meeting of Shareholders on April 14, 2021, for the appropriation of available earnings

in 1,000 CHF	December 31, 2020	December 31,[1] 2019
Carried forward from previous year	(153,627)	(146,035)
Loss for the year	(11,040)	(7,592)
Balance to be carried forward	**(164,667)**	**(153,627)**

[1] Approved by the Annual General Meeting of Shareholders on March 4, 2020.

Proposal of the Board of Directors for the appropriation of reserve from capital contributions

in 1,000 CHF	December 31, 2020	December 31, 2019
Opening balance	570,835	607,393
Dividend payment in January 2019 of CHF 0.25 per share[1] out of reserve from capital contributions	–	(26,560)
Dividend payment in September 2019 of CHF 0.093 per share[1] out of reserve from capital contributions	–	(9,998)
Reserve from capital contributions	**570,835**	**570,835**

[1] No dividends are distributed on treasury shares held by gategroup Holding AG.

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To the General Meeting of
gategroup Holding AG, Opfikon

Zurich, April 14, 2021

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of gategroup Holding AG, which comprise the balance sheet, income statement and notes (pages 112 to 119), for the year ended December 31, 2020.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2020 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Simon Zogg	Christian Schibler
Licensed audit expert	Licensed audit expert
(Auditor in charge)	

CREDITS IMPRINT

2020

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gategroup Holding AG.

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Keystone (pages 6; 8; 48-51).
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